

BULLETIN *of the* **National Association of Credit Men**

VOL. XIX

AUGUST, 1917

No. 8

PROCEEDINGS OF THE TWENTY-SECOND ANNUAL CONVENTION OF NATIONAL ASSOCIATION OF CREDIT MEN, HELD AT KANSAS CITY, MISSOURI, JUNE 19-22, 1917

Opening Session

MORNING OF TUESDAY, JUNE 19, 1917

[Garden Theater]

The twenty-second annual convention of the National Association of Credit Men was declared convened by President Charles D. Joyce the morning of June 19, 1917. He called upon the Rev. Dr. J. M. M. Gray of Grant Avenue Methodist-Episcopal Church for the invocation, the convention standing.

PRESIDENT JOYCE—That Kansas City was in earnest when she extended to our convention an invitation to meet here, is demonstrated today by the fact that she has sent to welcome us a man who at one time was president of our local association in Kansas City and who is now mayor of this great and prosperous city. I take pleasure in presenting to the convention the Hon. George H. Edwards, mayor of Kansas City. (Applause.)

Address of Mayor Edwards of Kansas City

MAYOR EDWARDS—As your president has said, I had the great honor to act as president of the Kansas City Association of Credit Men, away back yonder almost in the dark ages, Mr. President, so far back that the records of the association may not show the date; but I want to say proudly that I would like to trade the job I now have for the job I had then. (Applause.)

I feel altogether at home in this meeting, because for many years I acted as credit man of the house with which I was as-

sociated. On behalf of Kansas City, I want to extend to you, Mr. President, and your delegates, a cordial welcome to our city. Perhaps no town in the United States knows more about what credit means than Kansas City. This city was built under very great difficulties, and it would have been impossible for us to have developed the city that we have here except for the credit that was extended; except for the fact that our manufacturers, our jobbers and our retailers were extended encouragement and credit by our local banks and by the banks of the east and by the manufacturers and jobbers of the east.

So that we know, I say, in a material way just what the value of credit is; but I believe that in recent years we are all learning that there is something more of value in credit than mere material value. I believe that you men are each of you, learning that you have not discharged your duties as a credit man when you have simply protected your house from loss. I believe that each of you is realizing that in a large measure, you are responsible not only for the material and business success of your customers, but in a large measure you are responsible for the building of their character, because I say to you that the proper realization of what credit means, the proper understanding of just what responsibility is when a man accepts credit from you—I say that this understanding is a part and an important part, of the character of the merchants to whom you sell.

It is most encouraging, of late years, to note that the houses in the jobbing business and in the manufacturing business are learning to cooperate with each other, that the old days of the first man on the job grabbing everything in sight, have very largely disappeared, that we, each of us, feel that there is something more than simply collecting our bills.

I say to you that this is very encouraging, and because of this change of attitude among the business houses, the people, the business people of the whole country, are rising to a higher plane in their moral as well as business ideals.

We are building a great city here. I am not going to undertake to tell you just how great a city we have, but I am going to extend to you, each and every one, a most cordial invitation to look us over carefully while you are here. Let us show you what we have. Let us show you our great manufacturing, jobbing, retail business, our great banking institutions, but let us also show you that we are thinking here all the time of something more than simply these business problems; that we are developing here a park system which is a great factor in raising the standards of living among our people; that we have developed here, out on the edge of the town, a municipal farm of over two hundred acres, where we take our down-and-outs, our poor unfortunates that have broken some of the city ordinances and are therefore condemned to the city prison, and instead of taking them to the old-style prison, we take them out and let them work under God's sunshine. (Applause.)

We are impressing upon these men the fact that we are not trying to punish them, but are trying to help them, that we are facing them toward the light. We are impressing upon them that

they are American citizens and that we want to help them start on to be better citizens; and I say to you that a large percentage, a surprisingly large percentage of these men that graduate from the farm are making good when they come back into the world. (Applause)

We will certainly do everything that we can to make your stay here pleasant and profitable. We want you to stay as long as you can, to spend all the money that you brought with you, and to come back to us as soon as possible. (Applause)

PRESIDENT JOYCE—We will now be favored with an address of welcome by him who succeeded his Honor the Mayor, some years later, it is true, as president of the Kansas City Association of Credit Men; and let us hope, and I am sure if the politicians within the association has anything to do with it, we may safely predict, that the present president of the Kansas City association will be chosen as a fitting and proper representative to succeed his Honor the Mayor when he is through with his office.

I take great pleasure in introducing L. C. Smith, president of the Kansas City Association of Credit Men.

Address of President Smith of Kansas City Association

It seems to me particularly fitting that you, the representative of the world's greatest commercial association, possibly the most important factor in the daily conduct of business, should come to the world's greatest food market to hold your twenty-second annual convention during the year our country enters the World War. It seems to me particularly fitting that you whose word is vital to the life of the business houses with which you are associated, should come here to the capital city of this region, where in truth this great struggle is to be won or lost, from which a large percentage of the food of the world must ever come (a percentage which must in the present existing circumstances be larger than is ordinarily the case) and learn at first hand something about part of our Nation's equipment and resources for its task of feeding the world.

I am not going to inflict upon you tiresome statistics, but a few are pertinent and necessary to the subject. I am not going to preach to you of food conservation, yet I do not want any of the figures I may cite to lull you into a false feeling of security and content as to our food supply, because every ounce of food no matter how great may seem our resources, must be guarded. There are situations, easily within the bounds of reasonable possibility, where these ounces may be as precious as gold.

I am well within the facts when I say that Kansas City is the largest primary food market in America. Into this city as they travel the food products of the great states embraced within the boundaries of the tenth Federal Reserve Bank district flow. Grain and meat, both in almost inconceivable quantity, here enter the trail which they travel to the world's tables—not so much grain perhaps as Minneapolis, but Minneapolis has no meat of noteworthy amount; not so much meat as Chicago, but a large part of Chicago's

meat is not of primary market origin, simply being handled in transit.

Standing second as a market in both fields and with no other city operating in this dual capacity, I am beyond question correct in the assertion that here in the "Heart of America" is the heart of the world's food supply.

The actual figures of our part in this supply are almost staggering. Approximately five million head of food animals were handled in the stock yards of Kansas City last year. Cattle, calves, sheep and hogs to the extent of requiring 130,000 freight cars to bring them here. The rapid fluctuations (principally upwards) in prices, makes it impossible without interminable calculation to approximate the money value of this colossal herd, but I feel safe in saying that it is upwards of \$250,000,000—a quarter of a billion butcher bill.

Here too are butcher shops ranking with the world's greatest. The mammoth packing houses each year slaughter and prepare for consumption 1,150,000 cattle, 150,000 calves, 2,500,000 hogs and 1,175,000 sheep.

Leaving for just a moment the vital matter food, let me refer briefly to another, all-important item in war time. Instantaneously upon the declaration of war almost three years ago, the allied governments ordered their horse buyers to Kansas City, and in the first four months of their work over \$10,000,000 was paid to the dealers of this city for horses and mules for service in France and Belgium, and I feel sure that the total by this time is upwards of \$30,000,000. I might add incidentally that one dealer, the firm largely controlling the purchases, recently purchased Liberty Bonds to the sum of one million dollars.

Nor are the activities of the Board of Trade, controlling the grain market, less vital. It is an average year when 125,000,000 bushels of grain are handled by Kansas City grain houses, probably another quarter billion dollars for the bread bill. Here are grain firms the names of which are almost as well known in commercial Europe as here at home, for they rank among the largest grain export houses in America. Here are great storage elevators with a capacity of 24,000,000 bushels; some holding as much as 2,500,000 and 3,000,000 bushels each.

In this branch of food supply also much of the work of preparation for the table is done for the great flour mills of Kansas City have a daily capacity of 15,000 barrels of flour—mute testimony to the importance of the city in this line is the opening last week of a new flouring mill capable of producing 1,500 barrels every day.

You men are in an exceptional position to judge the enormous ultimate good to the nation's business which is bound to come from the wave of sentiment in favor of economy and conservation which is now abroad in the land. You know which of your customers need in their business and social life just that realizing sense of the wisdom of the elimination of extravagance. You know that the whole commercial fabric will be benefited and strengthened and made healthier by the operation of the influence now at work.

But you must take note also that those in whom you are interested do not go to extremes, that in an honest effort to do the right thing, too much of a good thing is not sought. In the effort to make a living truth and not a hollow sham of the slogan: "Business As Usual," it should always be borne closely in mind that judicious extravagance is better than wasteful economy.

Members of the National Association of Credit Men I am honored and happy in welcoming you on behalf of the Kansas City association, "Five Hundred Strong," to Kansas City, the capital of the "Heart of America," the "Bread Basket of the World." (Applause)

PRESIDENT JOYCE—To reply on behalf of the National Association of Credit Men to these cordial and splendid welcomes extended this morning, we have Arthur H. Parsons, president of the Utah Association of Credit Men who will now address us.

Reply to Addresses of Welcome

ARTHUR H. PARSONS, SALT LAKE CITY

The first little item I want to attend to this morning is to strike out of the name quoted by our worthy president, the initial "H." I am just plain Arthur Parsons of Salt Lake City. We have in Salt Lake City, however, a man named Arthur H. Parsons, and he is not quite as popular there as I am, because he is the assessor. (Laughter) He is better known than I am, perhaps, but he is rather notorious than popular.

I am sure we have been delighted this morning in listening to the kindly and sincere words of welcome that have been spoken to us by his Honor the Mayor and by the president of the Kansas City Association of Credit Men.

We have been listening to some few statistics with regard to the wealth of the city, its activities, and its aspirations. It has accomplished much, and we believe it will accomplish more. We have all heard or read, I suppose, of the splendid resources of Missouri, its valuable deposits of iron, of lead and other minerals, of its great agricultural products, upon which we have had quoted some figures this morning. We have had demonstrations placed before us of the beautiful buildings they have erected in the shape of churches and schools and charitable institutions, and we greatly admire all this and we are here to enjoy the fruits of their labors, to which they have so cordially made us welcome on this occasion.

We have come from the north, the south, the east and the west, to participate in this convention. On second thought, I think I had better say, we have come from the various business locations in which we are daily occupied, to commune together not as from the north or the south or the east or the west, in this crucial hour, but rather as citizens of one great and common country, whose interests today and whose welfare and preservation are in the hearts of every one of us. (Applause)

There is no north, no south, no east, no west, with us today. (Applause) We are united in a firm brotherhood and in a sacred cause, a holy cause—the defense of our country; and while perhaps many of the enrolled members of the National Association of Credit Men have been registered as eligible and willing to go to the assistance of our nation if called upon, those of us who are not so honored as to have our names registered are equally desirous of doing our bit in some way. (Applause)

I am satisfied that this great organization—I speak of it as a great organization for that is what it is, perhaps, the most important of the commercial organizations in this country—I say that this great organization has not been behind in demonstrating its willingness, its ability and its determination to do its share in raising the funds that are necessary to help feed and clothe and arm and accouter those men who shall go forward; and we assure, those of us who can not go, that we will be working here at home to take care of those whose lot it will be to go.

The success that has attended the enlistments in the various states, the large number that is registered, the over-subscription of the Liberty Loan, and as I believe will occur this week, the over-subscription of the Red Cross Fund, all indicate that the people are alive, and I know that the men of the National Association of Credit Men, working in their local divisions, have been instrumental in helping to enthuse the people and to bring them up to the contributing point.

The question has been asked—Why have a convention at this particular time? I answer—Was there ever a time when credit men needed one more? Was there ever a time when the complexities pertaining to your profession have called for greater care, greater anxiety? Was there ever a time when the individual credit man needed more the cooperation and the assistance of his fellows?

I think not, and I feel that we are perfectly well justified in holding this convention at this time when we may come together to strengthen each other's hands by our consultations and by our cooperation one with the other, and that we shall go back from here strengthened and built up for continuing the arduous labors which I feel sure are confronting every credit man in the nation. We are not through with our troubles yet; and suppose they should suddenly end, what problems would not be presented? So it is a fitting time that we should meet together.

The president of the local association, Mr. Smith, said that it is a fitting time that we should come here to this great food center. He is right. I believe we are all hungry, all hungry for information, all hungry for support and for cooperation, the one with the other. I am glad that there are so many in attendance at this convention. I expected there would be, it being a central point.

Now, this is the first time I have ever tried to make an address or response to an address of welcome. As a speechmaker, I am not much of a success. I want to remind you that two years ago, I had the honor of making an address of welcome. It is significant that I have never been asked to make one since. I have since been

asked to make a nominating speech. I did so, the man was elected, but I have never been asked to make another. I have been trying to make a response to the addresses of welcome this morning.

But I want to assure the mayor and the president of the Kansas City association that we most heartily appreciate the cordial words of welcome that have been spoken, that they touched our hearts. The mayor pointed out that the city does not send all the recalcitrants to prison, but puts them out on the farm. I hope none of us will get out there farming, because it may become warm in the next few days and we wouldn't want to be farming.

We thank you sincerely, Mr. Mayor and Mr. President, for your kindly words of welcome, and we know we shall all enjoy a good time here as we have in the conventions that have gone before. If we do, we shall go home thoroughly pleased and satisfied. (Applause)

PRESIDENT JOYCE—I think so much of Mr. Parsons that when I found him lacking a middle initial, and that the gentleman who was to follow him had three initials, the third one of which is "H," I offered Mr. Parsons the surplus initial, but since he refuses it, repudiates it, I will put it back where it belongs.

We now go to the east and have selected there to reply to these hospitable addresses of welcome, the president of the New York Credit Men's Association, W. F. H. Koelsch of New York City. (Applause)

Reply to Addresses of Welcome

W. F. H. KOELSCH, NEW YORK

I am glad that our worthy president is so well versed in the alphabet.

It would be most unappreciative of me if I did not feel the honor and distinction which has been conferred upon me in being given the privilege of addressing a response to this true credit men's welcome this morning. I take this distinction not as personal, largely because I feel myself inadequately equipped to respond fittingly to this cordial western welcome; I take it rather as a compliment to New York.

I am sure that the inspiration which we shall gain in this optimistic atmosphere, at this particular time, will be of great benefit to this great Association and those of us who have the privilege of enjoying the hospitality which will be, I am sure, so gladly extended to us during our brief visit.

This is a time when, as Mr. Parsons has well said, a convention of this kind is most opportune. It is a time for deep thought and careful consideration, and there is no organization, I think you will agree with me, that is better qualified and more representative of the best thought and the soundest conservatism in the business life of our country, than the National Association of Credit Men. (Applause)

As a nation, we may be called upon to face conditions yet

unheard of, and hence our task as credit grantors may demand of us unusual acts. Real patriotism demands that every one shall live his own life soberly, earnestly and industriously. We need prosperity in war times quite as much if not more than in other times, in order that we may retain our sense of proportion. We must guard against an emergency that will open the way for the commercial slacker who would seek a good excuse to compromise or repudiate his just debts because of war conditions.

To the credit men of Kansas City who have so kindly and cordially welcomed us, and to his Honor the Mayor, whom we number in our ranks, I would like to deliver this brief message, in closing, to say that it should be their duty and purpose in these trying times, to make a study, each one, of his business, to know his profession in every detail, to mix brains with his efforts and use system and method in his work; to find time to do every needful thing by never letting time find him doing nothing; to hoard days as a miser hoards dollars, to make every hour bring him dividends in increased knowledge or healthful recreation.

Finally, I think you will all join with me in the hope that one year hence, as we look back to this convention and recall those additional friendships that we will make, something will happen during that year, something more thrilling, something more historical than has happened in these wonderful times—that something will come which will sweep away the discordant passions of men, so that we may look back to Kansas City as the last convention before there shall arise upon the horizon the hope and the sign of an honorable and a lasting peace. (Applause)

President Joyce here called on the convention to join in singing the "Battle Hymn of the Republic."

PRESIDENT JOYCE—The next order of business is the address of your president.

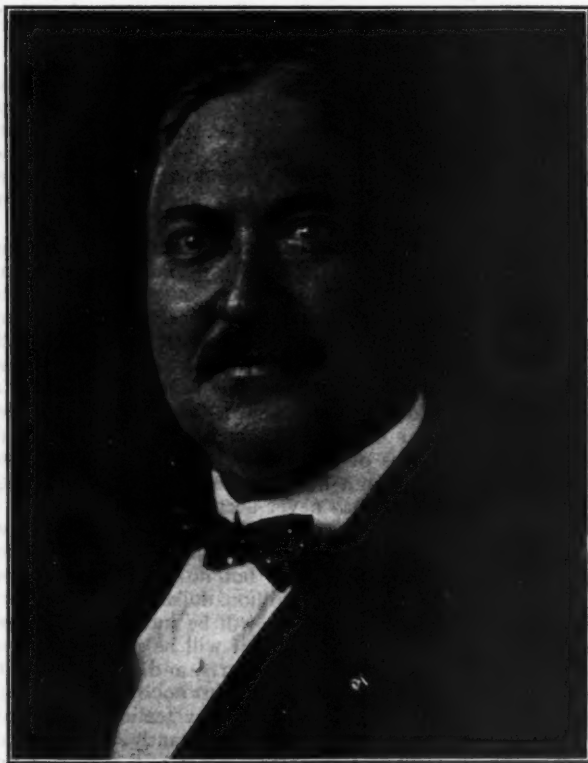
Address of the President

CHARLES D. JOYCE, PHILADELPHIA, PA.

When the God of Nature portioned off the world He looked upon this rich region of the western plains, and decreed it to furnish man with the highest ideal, the ideal of service. Here the grass grows high, the wheat waves in shadows for miles and miles, the corn tassels and ears, the cattle fatten, and all work together for the sustenance of man. His spiritual nature too, must need expand amid these broad horizons. Hawthorne tells a pretty story of a boy growing noble from looking up at the "Great Stone Face" in the White Mountains of New Hampshire. Boys too, grow big in soul where they are conscious of the great dome of sky and the wide circle of earth amid which they live here in your boundless west. Body and soul cannot dwarf under the consciousness of God's great out-of-doors. "Nor soul helps flesh more than flesh helps soul." The Divine Hand gave each section of earth its own

treasure; and we are to be congratulated, men of Kansas City, that your thriving metropolis has been selected as the meeting place of our twenty-second annual convention.

The twelve months which have passed since our adjournment at Pittsburgh, have been filled with events of such momentous importance that even the poise of the nation is threatened. Under the circumstances I feel sure that you will pardon me for omitting detailed reference to the regular routine work accomplished by



W. F. H. KOELSCH
Bank of the United States, New York, N. Y.
Director

your administration during the year. The results of the work of all your committees will be shown by their reports, which will be presented later. It is my wish, however, to make acknowledgment now of the faithful and conscientious service rendered by these committees, and to express to them my sincere appreciation of their labor, coupled with my hearty congratulations upon the success which they have all attained. I feel that special recognition is due to the chairman of our Membership Committee, J. D. Meek,

and the men associated with him. To their efficient work is due the splendid increase in membership, and the correspondingly increased influence of our organization. The officers and directors have performed their duties with a diligence and efficiency which demand grateful acknowledgment from me, which I know will receive your hearty endorsement.

With the advent of our country into the European war, the services of the National Association of Credit Men were immediately placed at the disposal of our government. We have responded as best we could to the calls already made upon us; and with your support, I now pledge anew the power and resources of this association to the assistance of our government in prosecuting to a successful issue the stupendous work to which it has set its hand. To us especially is allotted the task of preserving the business poise of the nation. No one realizes so well as the credit man that the national stability and the national welfare, particularly in time of war, depend upon keeping the wheels of industry turning. It must be through our vigilance that false fears and unfounded rumors are dispelled and suppressed.

My message to you is one of almost unqualified optimism in so far as business prosperity is concerned. It must be apparent to everyone that the foundation for business on an unprecedentedly large scale is laid, and we have but to make certain that the superstructure which we erect upon this foundation is sound in all its parts. For nearly three years our country has been amassing wealth at a pace which simply baffles the understanding, and at a time when it appeared to have reached the highest pinnacle of material prosperity, war clouds, dark and lowering, enveloped it, but simultaneously billions of dollars are thrown into the economic scale, and such wealth cannot be expended without developing an activity in business such as has never been experienced before. If in normal times a few hundred million dollars' worth of goods were demanded from our industries within a short period, the possibilities of trade would be enormous, but now the business world is facing an expenditure of seven billion dollars, and as this war progresses, even this stupendous sum will be increased. Notwithstanding such a substantial foundation it will be no easy matter to erect a superstructure sound in all its parts, and of the magnitude required. We must build dauntlessly but none the less safely, shutting out from our minds and thoughts any feeling of pessimism, or of uncertainty, or of fear; keeping constantly before us only the dazzling vision of ultimate success. Since our country entered the war a feeling of insecurity has become manifest. Such a feeling has arisen from many causes, the most obvious of which I believe is fear of unwise legislation. Credit men know that unwise legislation is as destructive to commerce as sound legislation is constructive. This nervousness should not exist and must not be permitted to increase. Congress has already shown its willingness to consult the best brains of the country, and I believe it can be depended upon to solve the nation's gigantic problems with an intelligence and patriotism which will safe-guard the country's welfare. Patriotism is as incumbent upon the business man as it is

upon the warrior and the legislator. Why are we justified in demanding the safeguarding of business? There is but one sound answer in time of war, and that is that the military arm of the nation cannot exert the necessary "punch" unless it be backed by productive and progressive industry. Undemoralized business is the *iron heart* of the military power.

We must further realize that the present is no time for lack of faith in our fellow-man,—do away with this cant, this wild senseless criticism, this "holier than thou" feeling, and—

"Let me live in a house by the side of the road,
Where the race of men go by—
The men who are good and the men who are bad,
As good and as bad as I.
I would not sit in the scorner's seat,
Or hurl the cynic's ban;—
Let me live in a house by the side of the road,
And be a friend to man."

Friendliness today means patriotism. Our country cannot reap the best results unless the good in every man is stimulated. We must pull together. In 1776 John Hancock, who headed the signers of the Declaration of Independence, said to the others "We must be unanimous; there must be no pulling different ways; we must all hang together." Benjamin Franklin replied, "Yes, we must all hang together, or else we shall all hang separately." Who knows but that Franklin's words are as true today as in '76! Franklin was too keenly practical to be deceived by illusions. He realized that only uninterrupted business could enable a nation to carry on so costly a thing as war; it was through him that "Mind your business" became the national slogan. This great apostle of thrift discerned the economic necessity of preserving the business poise. "Mind your business" was engraved upon the coins as a constant injunction to the public. Let us emblazon over the door of every factory and every shop the motto, "Preserve the business poise."

It is our activity, not our possessions, that will determine our weight in the world conflict. "If we stop the giant wheels of trade we paralyze the engine of war. Consequently we've got to keep going."

Howard E. Coffin of the Council of National Defense protests against the hysterical demands for economy. He says,

"Some municipalities are stopping road building and other public work. General business is being slowed down; savings are being withdrawn from banks; some have begun to hoard food supplies; and thousands are being suddenly thrown out of work. All this is wrong. Unemployment and closed factories brought about through fitful and ill-advised campaigns for public and private economy will prove a veritable quicksand for the serious work we have in hand. Waste is bad, but an indiscriminate economy is worse."

The supply of labor is a problem which will undoubtedly re-

quire clever and sagacious handling. Even thus early in the war it is intimated that there will not be sufficient labor to carry on such industries as are not directly connected with war. Such suggestions are unsound, the potential fact being overlooked that new sources of labor are already being tapped, and still other sources will be requisitioned as emergency requires. There is today an enormous waste of labor in nearly every business house in America. This waste must be eliminated by cutting out useless processes and practices, and doing only such work as is absolutely necessary to the proper conduct of the business. It will be part of the work of this great organization to impress this all-important fact not only upon its members, but also upon the entire commercial interests of the country. With intelligent economy the labor supply of the United States will be found sufficient to continue in operation every legitimate business. We must stand firmly by this position, and not yield to alarmists who may later on be demanding the closing of such industries as do not contribute directly to war supplies.

The press of the nation is already doing splendid work toward allaying the fear of an industrial depression. This Association and all other organizations can depend upon the newspapers of the country loyally supporting them in any movement for the public good. The American people do not as yet fully realize the obligation they are under to the unselfish and patriotic press of the country, but the time will come, before our present difficulties are over, when the nation will awaken to the fact that among the greatest men developed by this world crisis are those who so ably mould opinion from the editorial chair "For their work continueth Broad and deep continueth Great, beyond their knowing."

The Divine Hand is laid on society and directs its course. As Matthew Arnold says, "There is a power in this universe that makes for righteousness" and it makes for ever increasing righteousness. The present day horrors seem to deny this, but every student of history knows that the statement is true. Let us take a long look, a look far back over the development of civilization, and we will see mad emperors ruling with absolute sway, and without trial, condemning the innocent to death; we will see Christianity resorting to tortures more horrible than heathenism ever practiced, and every year for a long, long time, thousands of women and girls were burned for witchcraft, for having made a compact with the devil. Everywhere we will see that "might took the place of right, and the guilty ruled with an iron hand." Those were Dark Ages indeed, and—

"Out of the darkness of night
The world rolls into light,
It is day-break everywhere."

True, our day-break is overcast by these ever lowering war clouds, yet even while the terrible holocaust is upon us, we can see world progress in the holy tenacity of the English in the abolition of despotism in Russia, in the consecration of the French, in Amer-

ica's international unselfishness, and in the awakening of the neutral world to a realization that right must prevail.

America's mission is to help humanity cast away its cruel and foolish burden of war. Whether there be a goal of enduring peace I cannot say, but surely the spiral of progress, although seeming to return upon itself, will rise to clearer skies and a broader



J. H. TREGOE, NEW YORK, N. Y., SECRETARY-TREASURER

horizon, from which men will look back upon what we call civilization with wonder and repugnance. Not in our day will come the crowning glory to the human race. But while those who have striven for truth and rationality fall away, others press into their place. Truth is not lost nor is it in danger. The day must dawn. By and by the sun will gild first the mountain tops, and then spread downward to the plains, and finally flood every valley and glen and

savage chasm, and the shadows of our long and dismal night will flee away. (Great Applause)

PRESIDENT JOYCE—One of the greatest pleasures which will come to me during the convention is now at hand. Without further words of introduction, I take pleasure in presenting to you a man who needs no introduction, Secretary Tregoe, of this Association. (Great Applause)

SECRETARY TREGOE—Well, I've got my smile with me.

Two years ago at Salt Lake City, we popularized the idea of omitting the reading of the reports of the secretary and treasurer (applause) and I wanted to assure you that they are just as dry this time as they ever were and he is not going to read them.

All that I want to say in a very brief period, because I shall have so much to say during the course of the convention, is to express to you my sincere gratitude that, by a coordination such as we have never enjoyed within the circles of our organization, we have rounded out the best year of our history.

We have had a wonderful year; it seems to me, as I have looked around, in not only the growth of men and the uplifting of principles, but that we have helped to make our nation fit for this great struggle. I feel that the credit men of the country have come across with their best, and I am proud of them, and the more intense this struggle becomes, the greater will be the expression of our manhood, of our honesty and morality, of those God-given principles that make us love life, love sunshine, and have not the slightest fear of death.

We have had a wonderful year, and you will see it as these reports are read, and we are craving your expression of intense enthusiasm that we are going to make this a business convention. We are going to make it worth while, and we are going home with our muscles steeled to do the best that we can.

I feel that I must say this. When I came into the office, I wanted this organization to enjoy a large surplus in order that it might do its work with freedom without any apprehension, and it has been a great delight to see that surplus grow, and you are not going to be the least jealous of it. You have helped to make it grow and grow even larger, that we might be a power in this nation; and I am so happy to say to you that when I left the desk in New York, as your custodian I had in my possession a surplus of \$40,900. (Applause)

I don't know where the credit is due. I have had a very close-fisted finance committee. If any of you know Colonel Porter, you know I have had the time of my life; and associated with him was Frank Randel, and what the two didn't do to me when I wanted just ten dollars or so to pay bills with, is a caution.

But we have built up this surplus very happily, and we are entering a new year with a great determination, a great confidence, and I feel that the brotherhood between us, the fellowship, is going to make us men, men all over, men whom men admire, men whom God dignifies. (Applause)

Secretarial Report

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Never before has it been so difficult for your Secretary-Treasurer to present a report which would comprehend in a lucid yet brief fashion the important occurrences of a year. At a time when the nation is at war and we are sailing on an uncharted sea, there are excellent reasons why the preparation of this report should be filled with difficulties in conveying the message and information which should be gathered from an annual inventory of our splendid work.

The National office, as your representative, has watched with great seriousness and concern the trend of events, has endeavored to grasp their significance, their relation to business and credits and not alone to exercise its best powers for the defense of the credit system but to have it known within Administration circles that we could be depended upon to do our part for the national defense, and that the President of the United States and all of his advisers might be aware of our sincere and ready cooperation.

With this introduction and believing the membership of the Association recognizes generally what the National office and the various departments of the National Association have done for the conservation of business and credits and to keep from our commercial affairs the indulgence of unnecessary hysteria, we shall now proceed to give in brief detail some of the important occurrences and incidents of the year in order that all may be apprized of our progress and the interesting activities that have been taking place.

During the year your Secretary-Treasurer made a large number of visits with local Associations of Credit Men, covering a larger mileage than during any year perhaps in his executive work, and as a result of these visits and close conferences with the official families of local associations is privileged to say that a strong co-ordination exists between local associations and the National Association, and that an understanding has been developed which should be felt in more effective work along lines where the cooperation of local associations with the national interest is an important feature. The extent of good spirit, understanding and interest displayed by local officials in the National Association and its representative, the National office, was most gratifying and indicative of what will happen eventually as this process continues and the value and importance of interdependence as universally recognized.

MEMBERSHIP

Without anticipating the reports of the various standing and special committees, we wish to speak briefly upon certain departments of the National Association and emphasize features that may not be presented in the reports of committees.

The membership activities of the year have been most commendable and we owe a debt of gratitude for the splendid leadership of J. D. Meek of Indianapolis, chairman of the Committee on Membership. He has devoted untiringly and unstintedly of his time and efforts to this department and the results of the year more than surpass the expectations of the board of directors.

CREDIT DEPARTMENT METHODS—CREDIT COOPERATION

One of the most comprehensive and far reaching activities of the year is that covered by the program of the Credit Department Methods Committee under the chairmanship of C. F. Hoerr of Chicago. This committee has made a nation-wide clearance among retail merchants for what they know about merchandising, and when the replies are systematically tabulated and critically studied it can be foreseen that remedies more direct and curative can be applied than under existing plans for the education of the retail merchant. We owe this committee and its chairman sincere thanks for their splendid work.

There was brought out under the direction of the Credit Cooperation Committee, R. P. Simons of Pittsburgh, chairman, an improved credit inquiry form whose value is reflected in the increased orders which the National office is receiving from members. The committee has also been directing thought upon the arranging of a form for seeking credit information of banks.

These have been interesting features of our departmental work.

BANKING AND CURRENCY

This department has been distinguished by one special activity, that of promoting Trade Acceptances. We have been in close touch with the Federal Reserve Board, the Federal Reserve Banks and other agencies concerned with the introduction of a liquid credit instrument for the replacement of the rigid accounts receivable that custom has established in our credit affairs. We must register appreciation to members of the Federal Reserve Board and its secretary, Dr. H. Parker Willis, the officers of Federal Reserve Banks and the various agencies that have assisted so cordially and substantially in the promotion of Trade Acceptances.

A Bureau of Information on Trade Acceptances, organized in the National office and under the management of Assistant-Secretary William W. Orr, has been kept active answering inquiries and supplying information of varying character on the Trade Acceptance system.

LEGISLATION

What has been accomplished this year in the legislative department deserves careful study and sincere recognition. We have in former years been able to secure the passage of more laws numerically than we were able to secure this year but the character of work has been most significant and suggests the devotion of critical study by incoming committees on legislation to the laws that should be recommended by the National Association of Credit Men. Sincere and earnest work has been done by the state legislative committees, and the disappointments occasioned by the vetoing of two important bills, the fictitious name bill in Texas and the bulk sales bill in Pennsylvania indicate that the executives of states sometimes need education upon commercial laws just as truly as do legislators and this fact should not be lost sight of in future years.

CREDIT EDUCATION

We have had an unusual year in this department and our local committees and associations should have our cordial appreciation for the devoted, conscientious efforts they have made for the promotion of credit education. The experiment in Detroit of organizing a class in credits as a feature of night school training was one of the very significant features of this department during the year and indicates what may be accomplished with boards of education in states and cities for the training of our youth in commerce and credits. More interest than ever was displayed in credit education by colleges and universities, and there has grown up in some of our association cities a sincere cooperation and sympathy between colleges, universities and committees on credit education for the organizing and conduct of classes.

BANKRUPTCY

There was no encouraging opportunity in the sixty-fourth Congress for the offering of an amendatory bankruptcy bill with any prospect of a successful passage. Opposition to the bankruptcy law still controls in some quarters but it is our sincere belief that due to the education spread abroad through publications from the National office, and items appearing in issues of the Bulletin, and General Letter, many of our credit men better understand the science and protection of the law, and while recognizing that variances of opinion are but natural to anticipate on so basic and complex a law, yet it is our hope that the opposition will disappear under reasonable pressure and that there will be no disturbance to the law except in its proper amending as circumstances suggest and require.

INVESTIGATION AND PROSECUTION

This department of the National office, under the management of Justin Henderson, has been kept active and done an excellent

piece of work. The Committee of Supervision, under the chairmanship of Freas Brown Snyder of Philadelphia, has watched closely the activities of the bureau, been a close adviser with its manager and we would say that this is a work which more than justifies its existence and should be perpetuated as a department of the National Association. We are inclined to believe that from the publicity given to this department and the activities it has directly conducted and encouraged, commercial fraud has declined somewhat during the year and this tendency should continue as the department's activities become more general.

BUREAU OF FOREIGN CREDITS

This bureau organized in the National office, conducted under the supervision of the Special Committee on Foreign Credits, has performed an excellent work and should give substantial aid in promoting our export trade. Its manager B. B. Tregoe, has given close study to the bureau and maintained a close touch with the chairman of the committee, C. E. Thomas, an expert in foreign credits, to whom we owe a debt of gratitude for his unselfish labors, as the chief directing force for the upbuilding of the bureau. Recognition must also be given to Dr. E. E. Pratt, Director of the Bureau of Domestic and Foreign Commerce, Washington, who, with his able staff of assistants has assisted the bureau in every possible way and given advice and information that increased its facilities for service and made it almost a governmental department.

CREDIT INTERCHANGE AND ADJUSTMENT BUREAUS

These departments of the national work have shown clearly signs of progress and more efficient and comprehensive operations. The managerial staff has improved in quality and skill, and your Secretary-Treasurer was greatly impressed with the earnestness of these men when meeting in conference on January 16th and 17th, 1917, in St. Louis. High standards of practice, control and management were in evidence and while recognizing the conscientious efforts of each manager, appreciation and thanks must especially be tendered to D. L. Sawyer, chairman of the Special Committee on Credit Interchange Bureaus, and J. P. Galbraith, chairman of the Special Committee on Adjustment Bureaus, for the thought and time they have devoted to these departments and the able and impartial way in which the various matters relating to these departments have been administered. Recognition must also be made of the time devoted by Peyton B. Bethel, chairman of the Committee on Adjustment Bureaus, whose study of the bureau work and personal efforts were given that the department might reach a higher degree of honest efficiency.

We would greatly like to speak of other departments but time forbids, and we feel the Association will recognize in due measure what has been accomplished by the various committees throughout the year under the able leadership of their chairman, and though

in some of these departments the activities were limited, yet earnestness prevailed and results must not be measured merely by what the committees may offer in their reports to this convention.

The Central Interchange Bureau at St. Louis has made progress during the year under the careful management of J. W. Chilton, and a report in its behalf of what has been accomplished has been granted a prominent position on the convention program and will receive close consideration.

STATE CONFERENCES

One of the most interesting and beneficial developments of our work given prominence during the past year was known as state conferences. There were sixteen in all, and while the extent of attendance varied yet the opinion was unanimous that the getting together in annual conference of the credit men of a state or a district would promote a character of fellowship and cooperation that could not fail to produce beneficial effects where united efforts are needed for the execution of important credit projects. Your Secretary-Treasurer was privileged to attend as your representative twelve of these conferences and every one of them was running over with human interest. It is his hope that the officers and directors will advocate at their annual meeting in September a wider extension of the plan during the coming year, and that every credit man within the membership of the Association may have the privilege of attending a state conference.

BUSINESS MEETINGS

Generally speaking, the character of business meetings arranged by local Associations of Credit Men has improved during the year and the attendance generally has increased. Bringing in live credit and business subjects to be considered, either formally or informally by speakers, or in debate, presented a form of education which the credit man quickly recognized as valuable, and we recommend that our local associations devote even greater thought to the character of their business meetings and prominence be given in all to live and interesting credit subjects. The Special Committee on Business Meetings has been observing the trend of this department and will offer recommendations similar to those that are now offered by your Secretary-Treasurer.

PUBLICITY

Owing to the high cost of printed material and printing labor, the National office has not been able this year to issue with the frequency it desired leaflets on credit topics but several of very important character were distributed and they maintained the standard of our publicity department for issuing publications needed and beneficial to our credit relations. The Bulletin throughout the year has maintained also its usual standard, is performing its cus-

torary service as an educational messenger to the credit department and it is a great pleasure at this point to record our appreciation of the intelligent and conscientious work of Assistant-Secretary William W. Orr, not only in his editorship of the Bulletin, the first of the month letter and other publications appearing from the National office, but in all of the activities of the office where he is personally concerned and for the support he has given in an unstinted and cordial way to your Secretary-Treasurer.

APPRECIATION

We desire to express our sincere appreciation for the two assistants in charge of the Investigation and Prosecution Department and the Bureau of Foreign Credits, who have shown an interest and enthusiasm that permit us to offer interesting and encouraging reports of what has been accomplished in these two departments. We wish also to thank most sincerely the president of the National Association, Charles D. Joyce, who has been so cordial and unstinted in his sympathy, has always responded when his advice was sought and has demonstrated the wisdom of the Association in electing him its chief executive officer. The members of the Advisory Committee of the National Board, the members of its Finance Committee and those without definite assignment have been most regardful of their obligations to the National Association, have counseled with the Secretary-Treasurer on important matters. That we are able to present such an excellent inventory of the year's activities may be attributed in the largest measure to their cooperation and official zeal.

The presidents and secretaries of local associations have given to the National office and your secretary great assistance during the year, and there seems to have been a response all through the organization which could not but inspire the most conscientious efforts and a display of every remarkable skill. We have endeavored to show credit men the right way out of problems; to place before them standards of practice which build up strong manhood; to correct abuses which ought not to prevail in our commercial affairs; to defend those deserving of our sympathy and to punish those who had practiced deception; to maintain a steadiness and self-control in our serious situation, and to let it be known that in the credit profession there were workmen who, while building up their individual skill and income, were also mindful of the rights of others and could be reckoned upon in every juncture where unselfish manliness is needed.

While recognizing this report to be incomplete and expressing but part of what your secretary would like you to know of what has transpired in national work in its various departments during the year, yet it is long enough and sufficient to have every member appreciate that we have set our hands to an important task and that the National Association of Credit Men deserves the sincere support and esteem of every one who values honesty of effort and efficiency of operation.

Respectfully submitted,
J. H. TREGOE, Secretary-Treasurer.

Treasurer's Report

To the Officers and Members of the National Association of Credit Men:

Your treasurer is pleased to offer the following report of the Association's fiscal affairs for the year ended May 31, 1917:

RECEIPTS.

Per capita dues from local Associations		\$62,196.74
Dues from individual members		11,021.19
Sale of blanks	\$9,119.45	
Deduct cost of printing blanks	7,282.54	
Net profit from the sale of blanks		1,836.91
Receipts from sale of		
Deduct cost of printing		
Diaries	7,972.18	
Diaries	5,787.88	
Net profit from sale of Diaries		2,184.30
Interest on deposit in American Exchange National Bank		659.39
Miscellaneous items		272.72
Total Receipts		\$78,171.25

DISBURSEMENTS.

Salaries, secretary, assistant secretary, two assistants	\$17,177.66
Salaries of employees	7,981.14
Salaries of field representatives	3,116.66
Traveling expenses, field representatives	2,171.39
Officers' traveling expenses	\$ 2,129.37

Directors' traveling expenses		2,149.16
Committees' expenses ...		2,524.67
Office rental		2,500.00
Stationery and supplies..		1,810.92
Cost of printed matter	\$3,166.71	
Deduct receipts from sale of printed matter	2,133.76	
	<hr/>	
Net cost of printed matter		1,032.95
Cost printing and mailing Bulletin	13,404.49	
Deduct receipts from sale of Bulletin and advertisements	938.94	
	<hr/>	
Net cost of Bulletin.....		12,465.55
Legal department		1,939.17
Organization expenses ...		1,373.31
Postage		2,211.17
General office expenses..		3,122.72
Convention expenses		2,114.57
		<hr/>
Total disbursements		\$65,820.41
 Gross surplus for the year		\$12,350.84
Deduct special contributions,		
Investigation and Prosecution Fund	\$2,500.00	
Central Interchange Bureau	1,997.41	
Credit Department Methods Committee	1,017.49	
	<hr/>	
	\$5,514.90	5,514.90
		<hr/>
Net surplus for the year		\$6,835.94
 Balance, account number 1, June 1, 1916		\$34,120.98
 Balance, June 1, 1917		\$40,956.92

In view of the rising costs for supplies, labor and printing materials, which confronted your treasurer during the year, it will be gratifying to note that the surplus was the largest for one year in the Association's history, and the total surplus equips the Association for the undertaking of any reasonable and protective work. This has been the chief idea of your treasurer since assuming his office. Though facilities could have been added and the disbursements increased without affecting the reasonableness of each year's financial report, yet he has striven earnestly for the

building up of a surplus that was in conformance with the numerical strength, dignity and powers of the organization.

Comparing the statement of receipts and disbursements for the year just closed with that of the previous year, there will be found some differences, but only as they may be accounted for through natural conditions and the undertaking of obligations which increased membership devolved upon the National office.

In conformance with the action of the convention at Salt Lake City, there was taken from the total surplus the sum of \$10,000 and deposited as a special and permanent fund for prosecution purposes. The interest of this fund alone is to be used annually, and upon the approval of the finance committee of the board of directors. This sum was divided between three depositaries, the Guardian Savings and Trust Company, Cleveland, where \$5,000 was placed, the Union Trust Company of Pittsburgh and the Union Savings Bank of Pittsburgh, with each of which \$2500 was deposited. These deposits are to draw four per cent annually.

The budget for the year, approved by the finance committee of the board and also by the board itself in annual meeting, granted a sum larger than the disbursements of the year by about \$2,000, and it was not necessary to exceed any item but three.

The cost of the Bulletin appreciably increased, and for reasons which it is unnecessary for your treasurer to explain. The Bulletin has been maintained at its usual standard, and it was felt better to maintain the standard and assume the increased cost rather than to lower the standard in order to bring within budget for this item of previous years.

The cost of printed matter also appreciably increased, and for this reason the National office was unable to prepare and distribute briefs and leaflets to the extent that was done in former years, but despite this, a good standard of distribution and workmanship have been maintained, and it is but just to say that though economy was practiced, yet this important department of the Association was not neglected.

The cost of stationery and supplies also increased, and for obvious reasons. The other items compare favorably with the expenditures of former years, and but one item showed an appreciable increase—that of committee's expenses.

We have felt strongly that conferences of committees, upon important subjects, afforded a character of education which the Association should develop and encourage, and during the year several conferences of an important character, upon vital subjects, were held with attendant expenses, which increased this item over the costs of former years.

The special contributions deducted from the total surplus speak for themselves, and will be understood. The board of directors gave the best support possible to the Central Interchange Bureau, and this together with the costs of the special committee in traveling expenses, etc., ran the contribution for this department to \$1,997.41; to assist the splendid work of the Credit Department Methods Committee a contribution was made of \$1,017.49; the annual contribution to the Investigation and Prosecution Fund of \$2,500 made a total for the special contributions of \$5,514.90.

It is but proper to say that the obligations and responsibilities developing upon the National office during the year overtaxed its best powers, and the time is now imminent for the increasing of its facilities so that every reasonable and proper obligation and responsibility shall be provided and the protective powers of the Association developed along the most effective lines.

The Association is in a position now to provide for additional facilities to give greater service to its various units, and as your treasurer, we feel that there has been expressed a degree of readiness and response to appeals from local associations and the natural demands emanating from them upon the National office, which has compensated for the contribution of each local association to the national work, and with the excellent report of the year, with the splendid outlook for the year to come, there should be a gratification felt and a cooperative support that will make the National Association of Credit Men a vital force in the nation's credit affairs.

It will be pleasant for the convention to know that with the advice and consent of the advisory members of the board, \$5,000 of the Association's surplus has been invested in Liberty Loan Bonds.

In conclusion, as it is possible in a report of this character to give but a general statement, should any of the members of local associations desire specific information about any item of receipts and disbursements appearing herein, a request should be made of the treasurer, who will be glad to answer in a specific and as he hopes, a satisfactory way.

Your funds are being guarded, and we believe value is received for every expenditure.

Appreciation is to be expressed to the local associations, the individual membership, and all channels of income for contributing to the year's report, and for adding so largely to the financial powers of the organization, though not beyond what an organization of its numerical size should possess.

Respectfully submitted,

J. H. TREGOE,
Treasurer.

PRESIDENT JOYCE—The distinction which our next speaker has attained in his profession, and the high esteem in which he is held by his fellow citizens, testify to his untiring industry and to that genius which shows an infinite capacity of taking pains.

It is indeed an especial pleasure to present to this convention, P. W. Goebel, president of the American Bankers' Association. (Applause)

Address of P. W. Goebel

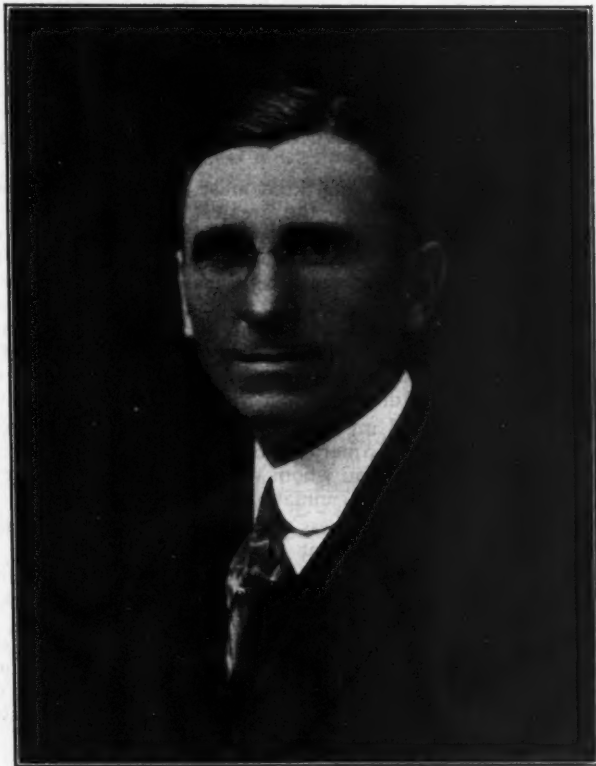
PRESIDENT AMERICAN BANKERS' ASSOCIATION

I do love a bunch that doesn't go to sleep, and I don't believe there is one of you even nodding this morning; and I certainly

consider it a great honor to have been invited to say a few words to you this morning.

Now, I am a Kansas Citian with all my heart, and as one of the bankers of Kansas City, I want to welcome you to Kansas City. I think it is a splendid compliment to this city to have as live a bunch as you folks are, come here and hold your convention.

I want to draw your attention just for a few minutes to the banking business of Kansas City. We have solved a good many



WM. WALKER ORR, NEW YORK, N. Y., ASSISTANT SECRETARY

things in Kansas City since 1907, and we have solved them by cooperation; and through this cooperation—I hate to say it, for it may seem a little boastful, but I am going to say it anyhow—through this cooperation, man to man, we have builded the best clearing house association in the United States. (Applause) We have not curtailed competition between the banks. I think it is as keen as it is in any city in the world, but we have eliminated reck-

less competition and we have let the word go out that a man that isn't square can't stay in the banking business in Kansas City. (Applause)

You know that the sound repose and sleep of the banker depends upon your work more than any other one set of people. If you do your work well, the banker need not worry about the commercial lines of credit. If you do not do your work well, the banker had better begin to worry.

But you have been doing your work well. There has been a remarkable change for the better in the credit conditions of this country since 1907, and much of it has come about by your vigilance.

Now, you must continue, but if you want to have the full effect of the magnificent work that you are able to do, cooperation must be your slogan at all times. The time for selfish effort, every fellow for himself and the devil take the hindmost, is gone, and I hope it will never return.

Every organization of this kind must be organized upon the basis of the greatest good to the greatest number. I was once asked what was the prime qualification for a man to be a good banker. My answer will also describe the prime qualification for a credit man; and that is, he must be a man who can wisely discriminate. You can not apply the same rule to any two men. You must deal with individual cases as they are, and this can be brought to perfection only by cooperation and exchanges of experience and results of certain lines of endeavor. That is what we have been trying to do in the banking business.

You know, if I had my way about it, you credit men would become a section of the American Bankers' Association, because you are, after all, the men on whom we have to depend in the end to get the paper. Wise discrimination is necessary.

You know the credit business and the banking system of today are entirely different from what they were ten years ago. We can not apply the same rules that we did at that time, but I thank God that they are so much better than they were ten years ago that we can see real progress. Why, the evolution in the banking system and with it, in the credit system, has been something marvelous in the last ten years, brought about through better cooperation of the banking system, through their clearing-house organization, their special clearing-house examiners, and finally, after years of struggle, by the enactment of a real currency law. (Applause) We have the law but perhaps we do not notice the wonderful results of that law.

We have been participants in a war for two years and a half, in a way, by furnishing that side which could make use of it, ammunition and food. We have done it largely on credit. We have taken back securities to an enormous amount, and it all has been financed with hardly a ripple in monetary conditions at any time in those two years and a half.

Two months ago we actively entered the war, became a party to the war, and I think the deciding party (applause) and all with not a ripple in financial and banking conditions and credits. Why,

it is marvelous! Europe was supposed to have been financially organized better than we could ever hope to be on account of its smaller units, but every country in Europe had to declare a moratorium when war broke out, and in other ways nullify contracts for the time being. There has not been even a suggestion in the United States of a moratorium or an extension of maturities by law.

Do you think for half a minute that this would have been possible under the organization as we had it ten years ago? Do you think it would have been possible without the Federal Reserve Law? I hate to think what would have happened when war was declared had it not been for the Federal Reserve Law. (Applause) I fear, nay, I feel quite sure in my own mind that you would have seen a panic such as never had occurred in the history of the world; as it was, not a ripple. You credit men have not been told by your houses to curtail credit. And why? Because the banks have not even suggested that business must slow down.

What is the Federal Reserve Law? It is nothing in the world but a law for cooperation among banks. It could have been brought about by a volunteer association just as well, but people, the masses of people, demand things to be done under and by law, and as they should be done. The federal reserve notes which are available to every bank that keeps itself clean and keeps the right kind of assets, are, after all, no better than were our clearing-house certificates in 1907, but they have the stamp of the government upon them and they are issued under a law and protected by the government, and the people ask no questions; and that is the beauty of it.

We need not give ourselves any uneasiness about any panicky conditions such as we had in 1907 and in the '90's. There will be no currency famine. Credit will be abundant and easy; but it will be up to you credit men to meet more and new conditions and meet them right, than there ever has been in the history of this country, and we can not say today what conditions you will have to meet next week and what different conditions you will have to meet a month from now, because they will arise from day to day. The only thing that we can depend on is the intelligence of you credit men to solve the problems as they come from day to day, correctly and for the best interests of the country.

A great job you have before you, but no set of men in the history of the United States has ever had the opportunity to do a greater service to this country than you have today. I know that with the cooperation of the banking fraternities, you will solve these questions and solve them right.

There are perhaps just a few things that I might call your attention to, and one thing was mentioned by your president in his most excellent annual address, one of the best it ever has been my privilege to listen to, and that is the question of hysteria and speculation. As a nation, we are inclined to be somewhat hysterical. We are a nervous set. We have lived rapidly, we have all wanted to become rich quickly, and that makes us nervous and subject to hysteria.

Now, you are supposed to be the cool-headed men of the nation. You are supposed to be the men that can analyze conditions and analyze statements and come to the correct conclusion as to how to handle a matter, and you will have the opportunity to demonstrate your cool-headedness in many ways.

One thing I want to call your attention to is, that there seems to be a mania among the people and the retailers and perhaps the jobbers, to buy futures, buy all the goods they can buy and store them away for fear there won't be any after a while. They are bringing about, I fear a condition by that policy that is the very condition they are complaining about. One of these days we have got to go through a readjustment of values, a readjustment of distribution of commodities, and if we would only remember that we ought not to buy ahead any more than we do in normal times, and not so much—if we would only remember that, then it will be so much easier to readjust our values, because when the time came to readjust, there would be no large stocks anywhere, and the smaller the stock of commodities in the hands of the people and in the hands of the people and in the hands of the merchants, the more easily will the readjustment be brought about. I think it is up to you to discourage buying ahead.

I have been talking with some paper men in the last few days. One told me that he had six months' supply in the warehouse. I told him that he was one of the men that brought about the condition of the so called famine, and the chances were that before the six months were over, his purchase might show a loss rather than a gain.

Let us economize by saving waste and let us do business as nearly as we would under normal conditions, as the times will allow. Keep away from hysteria and do not put out that slogan, "Business as usual." Business as usual would mean that you are going to do business just as in normal times, but you are not living in normal times, and consequently, if you undertake to do business as you would in normal times, your business would be abnormal.

Rather adopt a slogan, "Business is going to be good." There is going to be lots of business, but every man must be on his guard as to how he conducts his business in abnormal times, and a man may have to change his methods from week to week. If you keep that in mind, the readjustment, when it comes, will be comparatively easy.

The last few days, there has been a great deal of talk of high money rates. Some fear that money will be abnormally high. I don't pretend to be a prophet and I don't pretend to have any more wisdom than the average man, but I can see not a single thing at present that would make for abnormally high rates of interest. I hope and trust that interest rates will not be as abnormally low as they have been for the last fourteen or fifteen months; and when I said that, I didn't even think about the profit in the banking business until some of you smiled audibly, but I believe that an abnormally low rate of interest is more dangerous to our commercial fabric than a reasonable, wholesome rate of interest. For instance, I believe that a rate of five or five and a half per cent for the best

commercial paper is a better rate for the safety of the country, the safety of the commercial interests, than three and one-half and four per cent. If you will study that a while I believe that you will agree with me.

I am very proud that I belong to the Kansas City Association of Credit Men, and I feel perfectly at home with them because they seem to think along the same lines that a banker does. I am glad that you are here. I know that you will get much inspiration here that will enable you to analyze conditions better when you get home, and have a better basis for your decisions as questions arise in your work.

There is one thing we must never forget, that the first duty of every citizen now is to help win the war. While we must take care of business for business' sake, for the sake of the concerns for which we work, and for the sake of conditions for future generations, everything must be submissive to the one idea that we must win this war in order to save democracy to the people of the world. (Applause)

PRESIDENT JOYCE—It is fitting that we should close our first session this morning with an address on "Patriotism." We have selected to make this address one of our fellow members in whose character, patriotism stands out preeminently above many other noble qualities. It is with great pleasure that I present to you, my friend and your friend, H. H. Merrick of Chicago.

"Patriotism"

ADDRESS OF H. H. MERRICK

PRESIDENT CHICAGO ASSOCIATION OF CREDIT MEN

Mr. Goebel, who has just closed his address, has stolen my thunder when he says that we are here to carry back to our communities and to our people, the message that this war must be won. In that he has said all that can be said in a word in support of American patriotism.

A short time ago in an argument among a few men, the question came up as to the real difference between autocracy on the one side and democracy on the other. One man brought forward the old saying of the down-east Yankee. He said that in traveling around the world, he had found that autocracy was like a great merchant ship. You went on board, you were assured of a reasonably safe passage, of reasonable comfort; you were told what the destination was, you knew nothing of the sailing orders, you could not speak to the captain, the course was no concern of yours; you were a passenger. All went well until you struck a reef, and then you sank. But a democracy was like a raft, safe, it never sinks. You are one of the passengers and one of the men responsible for its passage, for its safety and its course, but confound it your feet were always in the water. (Applause)

There is much of good, hard, New England common sense,

Yankee shrewdness, in that. I prefer the raft, journeying on which I have some voice and have influence over its movements. It is well for us that sometimes our feet are in the water, that we shall realize that this is our problem and not the problem of some king or kaiser, that with you and with me, with the members of this association, lies the course that we choose, the bourne, and that through us the voyage shall be made safe.

Our organization, with its twenty-thousand members and business firms throughout the land, is a tremendous power. We have a burden to bear in this tremendous war, in this most frightful war. Each one of us has his part to play, and when the end shall come, as come it must in the fullness of God's time, each shall have his record of work well done or of failure.

After all, life is not complex. Only a few things really count and justify existence. The struggle of life, love of family, love of friends, love of country, of the land we call our own—for these we offer ourselves and all that is most dear, not in the old and narrow sense, but in terms of the brotherhood of man.

As we meet here in convention, world history is in the making, world events are hurrying forward with tremendous speed. We Americans have put our hands to the plow and the plowshare is the sword. Awaiting us, the lands of Belgium and of France lie fallow, bathed in the blood of the helpless and the innocent.

Go back with me to July, 1914. The world was at peace. No man, not even the Kaiser, dreamed of the disaster that has befallen us; the Kaiser least of all, for his dream and that of the Prussian junkers was of world dominion, world conquest, to be obtained with ease by the use of that terrific war machine built up by junkerdom through fifty years of effort.

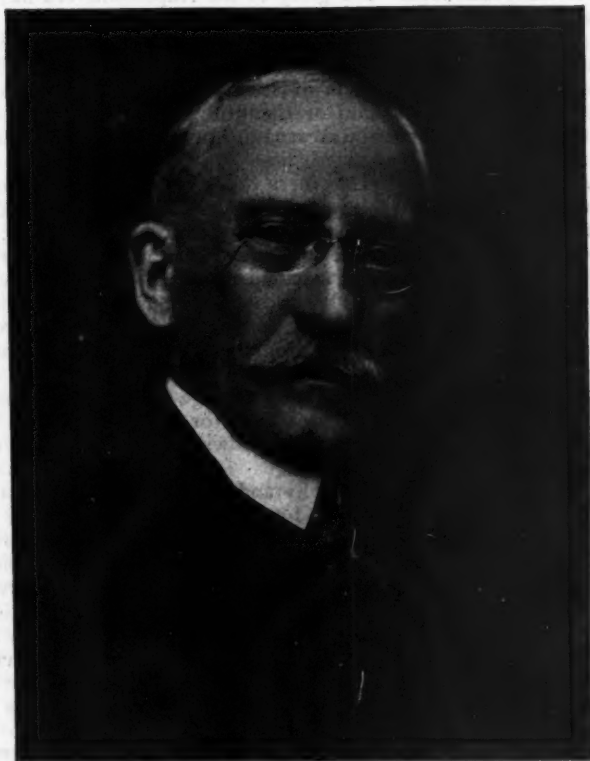
Visualize the scene with me. Night; a Prussian banquet, with field and staff officers; a toast is called, men rise and drink, "Here's to the day"; the day when militarism and autocracy shall prevail throughout the world, when might, not right, shall rule, when the Prussian mailed fist shall be the arbiter for all mankind.

"Whom the gods wish to destroy, they first make mad." Again that shall be proven true. Kaiser and emperor, aristocrats of the sword, had built up this tremendous machine. They had given freely and without limit of the life-blood, the brain and the treasure of their people that the machine might be made perfect. All things had been done that seemingly could be done. All contingencies had been taken into consideration; every element of chance and risk had been eliminated, and the day so anxiously and so ardently awaited at last arrived.

All treaties became mere waste paper. Christianity, the brotherhood of man, the basic rights of man, the honor of women, all were cast into the discard. Belgium, weak, defenseless, was ruthlessly violated. The terrific machine thundered through it on the road to France. Belgium arose against the invader, as two thousand years ago it rose against Caesar and his Romans, and junkerdom was shocked, surprised. Could it be possible that patriotism still lived, that the Belgians would lay down their lives

for freedom? No, absurd. Offer them an indemnity and a tax by way of profits to be levied on France.

The machine was humanly perfect. It had its birth in the forgings and workshops of hell. Its masters understood it, but through long contact with it, their humanity had become atrophied. They failed as all men fail who do not allow for the ideal in man,



J. L. BALDWIN
E. L. Rhodes & Co., Atlanta, Ga.
Director

for the spirit of self-sacrifice and of patriotism that is present in man and in the race.

Cæsar said, "And of all these nations, the Belgians are the bravest." Two thousand years have passed, and still we echo Cæsar's statement. Belgium, imbued with patriotism, sacrificed all in resistance. The Belgians, considered by the Prussians as a contemptible race of toilers, saved France, saved England, saved humanity and all that makes life sweet. Shall her name ever perish? Shall any nation ever rival Belgium? What prouder

boast in the years to come than the one, "I am of Belgium! I served throughout the war for freedom"?

The great war was on. France, its peasants and its aristocrats, aye, even to its apaches and its criminals, rose *en masse*. France, no longer decadent, no longer rank and rotten with luxury, but France, greater and grander than ever in her magnificent history—France has come back. The glory of the Napoleonic era has been surpassed.

And what of the Kaiser's sneer at England and her contemptible little army? Need one speak of Canada, of India, Australia, of Africa, of the factory hands of Liverpool and Glasgow, of the football men of Oxford and of Cambridge, the Irish, the Scotch and the Welsh—enthusiasm incarnate, bravery beyond human experience?

And what was the driving force? The answer is in patriotism, that men will endure all things, aye, they will face certain death for liberty and for freedom, for the right to rule themselves; that women will drive their men ever onward in such a war; that submission to the Prussian war machine was and is unthinkable, impossible; that world right and world justice must be maintained.

Under such conditions, the casting of the die fell to us, freedom's champion, the great republic, rich in men, in money, in resources and in ideals. Let's admit that we hesitated. Is it strange that the world misjudged us, strange that we were charged with having substituted money-madness for patriotism? We were soft in muscle and not prepared for war, three thousand miles away, and we hesitated.

Yet, we faced the issue finally and squarely, and we must cast our all in the balance for right, for justice and for freedom.

We declared war. In his magnificent war message before the Congress, our President spoke for all of us. He was our voice as well as our leader. Stainless our flag flies free in God's breezes. Soon it shall lead the way on that great battle-front. The spirit of the republic, the spirit of liberty, the genius of freedom, shall lead the way for us as it did at Lexington, at Concord, at Trenton, at Missionary Ridge. It shall abide with us today in France as it did with Washington, with Lincoln, with Dewey at Manila Bay and Sampson at Santiago.

Think of that battle-front and that No Man's Land, torn by shot and shell, blasted by liquid fire, fogged by the devilish gas, sown to barbed wire. Onward, the Stars and Stripes! (Flag is raised at rear of platform.) To the right of it, the Tricolor; to the left of it, the Cross of St. George; back of it, your sons and mine, Americans, of foreign birth, men of the North and men of the South; to the right of them, soldiers of France and of Belgium, poilus, men of the Foreign Legion, men of all races, singing the Marseillaise; to the left, steady and grim, daring all, men from the British Isles, Highlander and city man, Sikhs, Afghans, Hindus, and a war machine, freedom the battle issue, and victory the chanting their war songs; democracies and men against autocracy result.

Then from that battle-front look back upon America. Ten

millions of men enrolled. Another ten million available. Billions of money to back the armies of America and its Allies. Business volunteering for government service. Labor unions a unit in patriotic service. The great and overpowering majority doing their bit, as best they can, cheerfully and freely.

Slackers and traitors? Yes, we have them with us. We shall deal with them when we have time and as they deserve.

All of the nation is not yet awake. Some still dream and slumber. These do not in reality lack or fail in patriotism. They merely fail to realize what this war means to each of us. It is your duty and mine to arouse them. We must make clear to one and all, to rich and to poor, that the man or woman who fails catively to do his part, who fails to support the President is worthy of but one name and but one fate—that of traitor.

The man who living under the Flag is not for the Flag is against it. There is no middle ground. There is no middle course.

We have engaged and enlisted in the great crusade. Each one of us in some degree bears the cross and must fight for the cross. If we shall succeed, then shall the world and its peoples be bettered and humanity shall enter upon a higher plane; life shall be better worth living. If we shall fail, then again shall the world go through dark ages, for might shall take the place of right and force shall be enthroned.

If to achieve success, some of us shall lay down our lives, then death shall be well won. If, through lack of courage or through selfishness, we shall fail, then in that last disaster life shall cease to be worth living.

Lincoln said that our nation could not endure, half slave and half free. We here today know that civilization can not endure if one-half the peoples of the world be bound to a war lord's chariot wheels. The star of freedom is in the ascendant. Storm clouds surround it, lightnings flash and thunder rolls, yet to the races, God gives the star, as He gave the Star of Bethlehem. One by one the nations read the message in the sky. The star shines ever more brightly, and as the dawn of a new era approaches, we see, faintly yet surely, the rainbow of God's promise: Freedom shall live, right shall prevail, the sword shall again become the plow-share, and liberty shall rule in all lands. (Applause)

Here was sung the "Star Spangled Banner."

J. P. KELEHER, San Francisco—There is a Red Cross campaign in Kansas City now beginning. One dollar from each member or delegate would mean a good start. Let us show our interest and chip in a dollar apiece today, and have a committee appointed to show us how and where and when to do it.

SECRETARY TREGOE—I suggest, Mr. President, that we have had some design in mind in order that we might manifest our substantial patriotism, and I do not know that we are ready to bring it out just now. I think an excellent suggestion has been made and I suggest that we leave the matter to Mr. Merrick to work out some plan. He is full of ideas, and if it is agreeable to the convention, let us entrust it to him to bring out some idea by

which we can consolidate this thought that is brought to us through our friend from San Francisco.

PRESIDENT JOYCE—Unless we hear an objection, we will assume that that is your wish. Mr. Merrick, you will take charge of this matter. We now stand adjourned.

AFTERNOON SESSION MONDAY, JUNE 19, 1917

PRESIDENT JOYCE—Our first order of business is the announcement of committees.

SECRETARY TREGOE—Before we have the announcement of committees, I venture to offer the suggestion that in behalf of this convention, R. H. Gay of San Francisco, an enthusiastic Rotarian, send a message of felicitations to the International Clubs of Rotary, now in convention in Atlanta, sending it in behalf of this convention. I offer that as a suggestion.

PRESIDENT JOYCE—You have heard the suggestion, although I understood him to say that the message had already been sent in your name.

GERSON L. LEVI, Philadelphia—I move that Secretary Tregoe be authorized to send the message, which was sent this morning. (Laughter) Seconded and carried.

SECRETARY TREGOE—The convention committees are made up as follows: Audit Committee: Samuel Mayer of Cincinnati, chairman, H. T. Hill of Nashville, and C. T. Hughes of San Francisco.

Nominating Committee: F. B. McComas, Los Angeles, chairman, L. C. Smith, Kansas City, vice-chairman; E. G. Leihy, Portland; H. T. Folsom, Lincoln; H. A. Sedgwick, Duluth; J. B. House, Wichita; C. E. Burbridge, Dallas; O. E. Finne, Memphis; J. P. Coleman, Louisville; E. A. Mevis, Grand Rapids; P. W. Feilbach, Toledo; F. W. Reidenbach, Rochester; J. G. Anderson, Pittsburgh; M. S. Thompson, Boston; J. H. King, Hartford; H. A. Stanton, Worcester; W. L. Chandler, South Bend, C. A. Sayer, Des Moines; R. L. Archer, Huntington; W. A. DeGroat, Knoxville.

Committee on Resolutions: C. R. Burnett, Newark, chairman; F. B. Edward, Minneapolis, vice-chairman; M. J. Metzger, Seattle; M. H. Sowles, Salt Lake City; A. E. Matthews, Denver; F. G. Smith, Milwaukee; E. J. Roberts, Chicago; F. B. Purdie, St. Joseph; W. J. Burton, St. Louis; W. W. Edwards, Oklahoma City; Gladstone Wardlaw, Fort Worth; H. D. Elliott, San Antonio; W. P. Simpson, New Orleans; H. D. Carter, Atlanta; G. W. Wallace, Chattanooga; J. H. Foster, Norfolk; O. A. Montgomery, Detroit; William Tonks, Cleveland; O. D. Kaiser, Youngstown; G. G. Moore, Utica; E. S. Boteler, New York; Geo. Masters, Phila.; C. S. Fensom, Richmond; W. H. Matthai, Baltimore; R. V. Bozell, Indpls.; A. P. Solberg, Sioux City; H. F. Barker, Providence; L. E. Emrick, Charleston; B. A. Wilcox, Omaha; R. A. Keyes, Tacoma.

Regarding the rules of the convention, we have not fixed any

rules in recent years. There has been no occasion for it. We have been very orderly; but I think it ought to be mentioned here as one of the principal and important rules that every delegate who rises to his feet must announce his name and his address distinctly, and above all it is important in this hall that you speak distinctly, so that our reporter can get everything you say.

PRESIDENT JOYCE—Our next order of business is the report of the Committee on Constitutional Amendments, Frank H. Randel, Ardmore, Pennsylvania, chairman. (Applause)

MR. RANDEL—A short time before the annual meeting of the



FRANK H. RANDEL

Autocar Sales & Service Co., Ardmore, Pa.
Director

Board of Directors of your Association held in Atlantic City last September, there were several suggestions offered to the National office in the matter of revisions of the constitution that might prove of some benefit to the organization; and also at a meeting of the managers of the adjustment bureaus at their convention, certain

resolutions were passed in the interests of these bureaus in connection with their affiliation with the National Association.

Under our constitution it is necessary for these resolutions to be published, and as you had all noted, they were published in the May "BULLETIN," and with your permission I am going to eliminate the original constitution as it stands now, unless you wish it read, and read only the changes.

Mr. Randel reads Amendment A to Article VII as follows:

"Resolved, That the Constitution of the National Association of Credit Men be amended in the following manner:

A.

For Article VII of the Constitution, the following shall be substituted:

"The officers of the Association shall consist of a President, a First Vice-President, a Second Vice-President, a Secretary, a Treasurer and a Board of Directors. The Board of Directors shall consist of twenty-two (22) members and shall also include, by virtue of their offices, the President, the First Vice-President, the Second Vice-President, the Secretary and the Treasurer. The President shall be Chairman of the Board of Directors.

"At the annual election in 1917 there shall be eleven (11) directors elected for a period of two (2) years, one of whom is to be elected from and to represent the individual membership, and every second year thereafter, of the eleven (11) or more directors elected, at least one is to be elected from and to represent the individual membership.

"When the membership of the Association reaches twenty-five thousand (25,000), the Board of Directors shall be enlarged by the election of one additional director, and for each additional three thousand (3,000) members thereafter, there shall be elected one additional director. Such additional directors are to serve for a term of two (2) years.

"The term of office of all other officers shall be for one (1) year, or until their successors have been elected and shall have qualified, and all officers shall serve without compensation, excepting the Secretary, whose salary shall be fixed by the Board of Directors.

MR. RANDEL—If it is permissible, it might be well to handle these changes in three sections instead of handling them all at once, if that is preferable or I will read the three.

PRESIDENT JOYCE—What is the pleasure of the convention? Shall we handle these amendments one at a time or all at once.

F. R. HAMBURGER, Detroit—I move the adoption of the amendment just read.

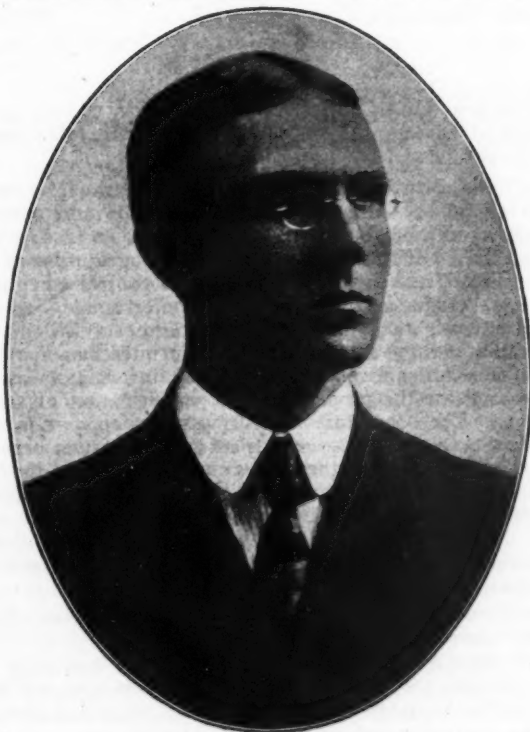
Seconded by J. D. Meek of Indianapolis and carried without discussion.

Mr. Randel then reads Amendment B to Section VIII;

B.

"Under Article VIII there shall be substituted for the first paragraph of this Section known as 'Amendment of June 17, 1913,' the following:

"On the first day of the convention a nominating committee of not less than fifteen (15) members shall be appointed by the President, which committee is to present to the convention as nominees, the names of candidates eligible to election as members of the Board of Directors. The committee



W. M. BONHAM
C. M. McClung & Co., Knoxville, Tenn.
Director

shall present to the convention not less than two (2) candidates for each vacancy on the Board. A ballot shall be taken, and the candidates receiving the highest number of votes, as provided for also under Article VII, shall be declared elected to fill the existing vacancies. No affiliated associations shall be entitled to more than one representative on the Board of Directors, nor to more than one member on the nominating committee."

PRESIDENT JOYCE—What is the pleasure of the convention regarding this amendment?

J. L. O'NEIL, Oklahoma City—I move the adoption of the amendment as read. Seconded by H. E. Choate of Atlanta and carried without discussion.

MR. RANDEL—We are now going to consider the third change of great importance, for this covers a change that is certainly of vital interest to our organization at large from one end of the country to the other. It is something that we need, I believe.

Reads Amendment C to Article IV.

C.

To Article IV of the By-Laws, granting certain powers to the Board of Directors, there shall be added the following, as the second paragraph:

"The Board shall establish general principles and rules that are to be followed in the organization and operation of credit interchange bureaus and adjustment bureaus by the local Associations of the Credit Men when recognizing such bureaus officially. The board shall develop and control a central interchange system between the credit interchange bureaus and shall investigate complaints against the service, manner of operation and the supervision of credit interchange and adjustment bureaus, and may call for such information as may be necessary for the proper and just investigation of such complaints. The board may, at its discretion, appoint an assistant to the Secretary, whose duty shall be to assist in organization bureaus, investigating the affairs and operations of the bureaus, and in carrying out the powers that have been entrusted to it by the Constitution and By-Laws of the Association."

PRESIDENT JOYCE—What is the convention's pleasure regarding this proposal for amendment to the constitution?

REX CONN of New Orleans—I move its adoption. Seconded by H. W. Voss of Evansville.

C. T. HUGHES, San Francisco—I offer the following amendment to the motion to amend "The sum of ten thousand dollars per annum shall be set aside by the board for the maintenance and support of the central interchange system or bureau.

I move its adoption.

PRESIDENT JOYCE—You move that as an amendment to the report?

MR. HUGHES—To that section of the report relating to bureau supervision.

B. M. DENISON, Portland—I second the amendment.

Secretary Tregoe then read Mr. Hughes' amendment at the president's request.

A. J. GAHR, Cleveland—I would like to ask the purpose of Mr. Hughes' amendment. As I understand it, the board has full authority right now, or will have it under the amendment presented

by Mr. Randel. I do not see that any good purpose is served in tying the hands of the board by setting aside a definite sum that may be more than is necessary or less than is necessary.

A. C. ELLIS, Pittsburgh—I want to say a word about this amendment that possibly does not strike the average delegate here present. I can not see why there should be any such amendment attached to the constitution of this organization for it is unnecessary.

PRESIDENT JOYCE—Are you talking on the amendment as read by the secretary or on the original amendment?

MR. ELLIS—On the amendment to the constitution offered by the committee.

PRESIDENT JOYCE—We are discussing the amendment to the original motion.

WALTER WRIGHT, Salt Lake City—If this amendment is killed, I want to talk on the other, but on this question of ten thousand dollars, at various meetings of interchange bureau managers, we have discussed the merits of a central interchange bureau. The directory shows us that there are something like one hundred twenty-five affiliated branches of the National Association, and I understand that about eighty-five of these have interchange bureaus. Of a possible eighty-five, I think that there are twenty-five today which are supporting the interchange, the national interchange, and that interchange bureau at St. Louis is being operated at a great loss.

Now, if we are going to put some system in effect here, we ought to realize that it is going to cost some money. I understand also that Massachusetts and New York and possibly other states prohibit by their state laws the formation of bureaus or associations for disseminating credit information.

If you are going to pass a resolution now that will compel some association which otherwise might not want to come in to come in, it will be well to appropriate enough money so that we can lobby in those states where it is necessary, to the end that we may have well organized bureau work all over the country. I think that ten thousand dollars is a modest sum.

IRA D. KINGSBURY, Rochester—I just want to correct the previous speaker's statement that there is a law in the state of New York that prohibits the organization of a bureau or an organization for the dissemination of credit information. We have several bureaus in the state and they are operating, but we have a good deal of difficulty in getting interchange from some of the other bureaus.

MR. HUGHES—The object I had in presenting my amendment is to show you, in the first place, that the central bureau as now operated, carried at the time of the last meeting of the directorate, five thousand dollars of the money of those bureaus that were not interchanging, and in addition to that sum there was asked twenty-five hundred dollars, making an actual deficit of seventy-five hundred dollars. There is a further deficit beyond that, so that ten thousand dollars is a reasonable amount for the maintenance and support of a central interchange bureau.

Whether or not you pass this resolution, San Francisco will not interchange with anybody. That may appear to be a peculiar situation, and yet when you consider that we are jobbers' territory, not

manufacturers' territory, there may be some element of right so far as our members are concerned. Whether they are right or whether they are wrong, they will not interchange with you.

That means, then, that our credit interchange bureau, if this resolution is passed, must be operated separately and apart from our association, and thereby our association will be obliterated. We, then, in the west are fighting for the maintenance and support of the association as distinguished from the interchange bureau.

For a year and a half we have tried to educate those of our members who would not interchange to understand the national principle, but they will not be educated, and therefore, we must take the issue as it is, whether our association as an association shall stand or whether we shall follow, as you are trying to make us follow, as an interchange bureau as distinguished from the association.

That is the purpose of the resolution, and no other.

I called for a meeting of the western bureaus, and the reason for that is this: Mr. Sawyer, as the chairman of the special committee, asked us to act under Secretary Orear from here, presuming, I suppose, that this was western territory, and yet when you look at the map you will discover that, we, of the Pacific coast cities, that is, the nine delegates, traveled nearly two-thirds of the distance across the United States in order to get here.

I suggested to him that the proper method of handling the matter was to appoint a vice-chairman from among the Pacific Coast states and let them fight out their own solution. I have tried to live up to and to inculcate the principles announced in these resolutions, but I tell you it is impossible, and if you pass this, you must judge for yourselves as to whether we should remain part and parcel of this organization.

F. R. HAMBURGER, Detroit—I am heartily in favor of the proposition of providing sufficient funds for the conduct of the central interchange bureau, but I do not believe that it ought to be fixed by the constitution. It may develop later on that more than ten thousand dollars is required and it may also be shown that less is needed, and if that is true, it would be impossible to increase appropriations except by amendment to the constitution, which requires time and the fulfillment of certain provisions.

I think it is perfectly safe and proper to permit the board to determine whether or not it shall be ten or five or twelve thousand, and if this amendment prevails, the National Association having approved of the creation of a certain interchange bureau and its maintenance, I think the board will realize its obligation to that interchange and fix and provide for its proper maintenance. If there is any other way of reaching it, I believe it should be done in that way and should not be included in this amendment to the constitution. (Applause)

Without intending any discourtesy to Mr. Hughes from California—and I want to assure him that he has my hearty support—I move that the further consideration of this amendment to the amendment be indefinitely postponed.

MR. CONN—I second Mr. Hamburger's motion.

Mr. Hamburger's motion was carried, four votes opposing.

PRESIDENT JOYCE—We now have a motion made and duly seconded to adopt the amendment as read by the chairman of the committee. Mr. Ellis of Pittsburgh wishes to speak.

A. C. ELLIS—In the various conferences of the adjustment bureau managers, held from year to year, running back five or six



JOHN M. CALLANDER
Tone Bros., Des Moines, Ia.
Director

years ago, the principle has been adopted that the establishment of the bureaus should be under the absolute control of the local association of credit men. At the last conference, less than five months ago, that principle was confirmed, the sense of the conference being that the organization, operation and control of adjustment bureaus should be definitely located with the local association itself.

With this fact in mind, I cannot now understand the object of

this amendment. The advance report of the Adjustment Bureau Committee says that unquestionably the character of the bureau management has improved in recent years. If that be true, why not let the local associations continue in the management of their local activities? The associations are doing good work through the organization and management of their own activities, and I believe it would be unwise to decide that some person outside of their own control should be placed above their activities.

The National Association provides by its constitution a proper remedy for any local association that misbehaves itself and against which complaint is made; and it is certain to my mind that if a local association is not competent to handle its own activities, particularly in the adjustment bureau department, it should be eliminated from the national body.

I hope that this convention will not sacrifice the democracy of the National Association by adopting any amendment to the constitution that provides that the local associations shall not control their own activities, and I earnestly hope that this amendment will not prevail. (Applause)

F. R. HAMBURGER, Detroit—I want to apologize for saying just another word. Mr. Randel has properly stated that this is a most important amendment to the constitution. I did not interpret the sense of the conference that was held at St. Louis as did my good friend, Mr. Ellis. I interpreted the action of the conference in just the opposite sense. We are now in the throes of organizing an interchange bureau, and we are convinced that the establishment and control of interchange bureaus should be vested in the National Board in order that there may be at least a semblance of uniformity.

When groping around for information to use in establishing the Detroit bureau, I discovered a great lack of uniformity both in the manner of operation and in the kind of blanks that were being used by the various interchange bureaus. Why need the interchange bureaus now organized be so jealous of their privileges as to fear any interference by the National Board? There will be no hardships inflicted upon them. It means the establishment of uniformity and that is all it does mean.

When we sent our prospects to the various secretaries of all the associations, a great number of the bureau managers of the sixty-three interchange bureaus now in operation, flooded me with letters, saying, "You are making a great mistake if you adopt the blanks which you contemplate adopting as given in your prospectus." There was no thought of adopting those blanks at all as given in our prospectus. We had from the very beginning intended to use the uniform blank.

Now, I believe there ought to be not only a uniform system of operation, but there ought to be uniform blanks, and if I am permitted, Mr. President, I want to amend with these few words, in the right line, if Mr. Randel will kindly place them properly, "And prepare blanks for their use," which in effect would mean that the National Association should prepare the blanks which would be used and must be used by the interchange bureaus.

The National Association will not interfere with your manner of conducting your office. They do not do it today in the conduct of your local association. You determine your own policies, but they should have supervision over the interchange bureaus to the same extent that they have supervision over the local associations. We are not free lances. (Applause)

G. H. GRIFFITHS, Cleveland—If I may interrupt the discussion of this amendment, I think that the interchange bureau needs just that guidance that the National office can give, and I hope the amendment will stand.

WALTER WRIGHT, Salt Lake City—I view with considerable apprehension the passage of this amendment, not so much for what the words at first reading might seem to imply, but from what later on might be actually taken from them.

Mr. Hamburger, in speaking on the resolution,—and he was speaking as affecting interchange bureaus only, but I want to be considered as speaking on adjustment bureaus also,—says that the National Association is not going to take away any of our rights and certain other things, and yet he wants to provide blanks that we must use, and that is where it is going to end. But I fear the attempt will be made to dictate as to things that we must do, irrespective of what local conditions are.

I am speaking somewhat advisedly on some of these matters that I want to tackle. At our convention which was held in Boston, a resolution was passed that certain associations should not do certain things. At a conference of adjustment bureau managers held in January following that convention in Boston, it developed that every association, with the exception of two, was violating that resolution adopted at Boston.

Secretary Tregoe of the National Association was greatly concerned, and the way he hauled us over the carpet was something awful. He was then, and I think is still very much opposed to our violating the resolution adopted at Boston, but he was big enough, at a meeting of adjustment bureaus held at St. Louis last January, to say that if he were in Salt Lake City, he would be decidedly in favor of doing those things that the National office did not want us to do.

You may find before you get through, that there are conditions confronting other local associations, local situations that you can not know anything about, and this resolution is going to take away the right of the local board of directors right on the ground to determine how things ought to be handled, and vest that right in somebody down in New York who knows nothing about local conditions, because perhaps nine-tenths of the people in the convention are going to cram it down our necks whether we want it or not.

Does this convention want to go on record now as passing a resolution, the effect of which, as some one remarked, will be to lead a certain local association to withdraw from the National Association. We have for years been trying to get the boards of trade at Los Angeles and San Francisco, which were doing adjustment bureau work before the National Association of Credit Men was ever in

existence, to join with us, and yet we are proposing things now that will only drive them farther away than they now are from us.

To overcome these conditions, gentlemen, and realizing that when the National Association puts our names in the "BULLETIN," it is to a certain extent standing sponsor for what we do, the managers of bureaus went this far, and this is part of your resolution: "The Board shall establish general principles and rules that will be followed in the organization and operation of credit interchange bureaus and adjustment bureaus by the local associations of credit men, when recognizing such bureaus officially."

It seems to me that that gives you all the authority that you need. If the local association does not do what the National office tells us we ought to do as a matter of right and wrong, it can withhold its support. It is a question of local conditions whether we want the support of the national office or not. We always want it; but do not pass something here that may make it impossible for us to live up to it just because a majority here think that it may be a good thing.

H. E. CHOATE, Atlanta—A good deal that has been said reminds me very much of the old states' right argument in Georgia before the war. We are living in an age of evolution. It has been stated that the course pursued, the present order of things, has cleaned up everybody to a certain point, but that we should not go any further.

This bureau feature of our association work is developing. We have reached the point where, to get the greatest service out of it, the various branches should be coordinated and we should have free interchange between them, and I can not conceive of any way by which you can do that uniformly and to the best advantage unless you do it through the supervision of the National office. As I understand it, Mr. Randel's amendment has that purpose and that purpose alone. I am heartily in favor of Mr. Randel's original amendment to the constitution.

A. W. HARTIG, Evansville—I would like to ask Mr. Randel this: The amendment proposed does not take out of the hands of the local board of directors its rights in conducting this adjustment or exchange bureau if it is conducted properly, does it?

MR. RANDEL—It does not.

MR. HARTIG—It only refers to the national interchange bureau?

MR. RANDEL—It does not take the supervising or handling of the bureau out of the local association at all.

MR. HARTIG—Another thing I would like to ask is, do you not think that we ought to have an amendment right now, as we are getting bigger all the time, our adjustment bureaus are getting better, giving good service, and this Association is becoming known all over the country for its work—do you not think it would be best to put in an amendment that no person shall own fifty-one percent of the stock in any adjustment bureau?

MR. RANDEL—Mr. Hartig, no. That is positively and absolutely wrong. These adjustment bureaus are incorporated, most of them, in their respective states, and we must not in any way,

interfere with their corporate rights. They are incorporated separately from the association, some of them for profit and some not, but they should be operated within the limitations of the organization as far as the organization's work with them is concerned; but if they are regular stock companies and stock has been issued, it would be treading on dangerous ground to write into our constitution anything that would prohibit any one man from owning fifty-one per cent in that corporation. I think that would be dan-



C. WALTER CARNAN
Baltimore Bargain House, Baltimore, Md.
Director

gerous. I do not think I would approve of that, because from a legal standpoint, it is probably not good.

MR. HARTIG—What I am driving at is this, to keep some individual party from controlling and deriving a personal benefit which may be due to the credit men's association.

MR. RANDEL—Answering that to this extent, I will say that

the board or the National office, through a special assistant secretary, if one is appointed, in going over the affairs of the bureau from time to time, will get such information, as you think it would have by owning some part of that stock, and correct things of that sort that might arise that are not absolutely correct. But I would not be in favor of that.

J. P. KELEHER, San Francisco—I want to say a word regarding interchange bureau work and adjustment work in San Francisco.

The Board of Trade of San Francisco was formed forty years ago. It consists of an association of two hundred thirty wholesalers. They have a fund of \$70,000 in the treasury, an accumulation of forty years. The aim of that association, as far as revenue is concerned, is to be self-supporting only. If failures increase, the charges to creditors go down. Non-members are treated the same as members, eastern creditors the same as western, but they call a hard cash creditor the same as a merchandise creditor, with the exception that there is a differentiation of two per cent charged to non-members to offset the monthly dues of five dollars paid by these two hundred thirty wholesalers.

Fortunately at this time we have reached the stage where there can be no question that the Board of Trade and the San Francisco Credit Men's Association are cooperating, so much so that we have an interlocking directorate. We have twelve on our board of directors and I think half of them are directors of the San Francisco Credit Men's Association. We can not go much further than that in evidencing our friendship. (Applause)

P. B. BETHEL, Louisville—I want to call Mr. Wright's attention to the fact that at the conference in St. Louis of the adjustment bureau managers, a resolution was passed, if I am correct, and I am sure I am, because I have a copy of the minutes at my hotel—a resolution was passed recommending an amendment to the constitution, carrying exactly the idea that has been presented.

It was thrashed out in a debate occupying most of the time of our conference; this very question was discussed and the representatives of the bureaus concluded, by almost a unanimous vote, that the amendment should be passed.

I would just like to say this: The adjustment bureaus of the National Association want business, they want adjustments. They are in business for that purpose. They want to control the situation in order to cut down expenses of administering estates. The names of these bureaus are published in the "BULLETIN," which in effect means that the National Association is recommending every one of these adjustment bureaus.

Why is it not right and proper that the National Association have some kind of supervision, or at least, some right to go into the affairs of the adjustment bureaus to see that they are administered as they ought to be, in exchange for the recommendation, I might say guarantee, but at least, the recommendation of these adjustment bureaus through the "BULLETIN"?

I certainly hope that the resolution will prevail.

M. E. GARRISON, Wichita—I want to speak in favor of the

motion. I am sure that if all the bureaus were conducted in the way that Captain Ellis and Mr. Wright conduct theirs, there would be no need of all this discussion; but I believe I am speaking advisedly—and I think I am—when I say that there is no department of the entire Association's activities that has given so much concern to the National Association's officers as the interchange and adjustment bureaus.

As long as we were conducting local bureaus solely for the serving of the local communities, we had a simple proposition, but today we are seeking to serve other associations and the entire membership of the organization, and it seems to me that we are not acting with the very best of grace when we realize this situation and do not want to submit to supervision of some sort.

I am not in the least concerned that any embarrassment will come to these splendid bureaus that I have mentioned, by any act from the national body, and I heartily approve the amendment proposed, because I believe it is in this way that we might rightly expect the national organization to act.

E. G. LEIHY, Portland—The associations on the Pacific Coast are in a rather peculiar position. We want to be fair. We want to live strictly up to all the tenets and the teachings of the organization. At the same time we have to remember that we have nothing west of us except the Pacific ocean.

MR. HAMBURGER—I believe it was, at Detroit, we stated that the adjustment bureaus and interchange bureaus needed the supervision of the national office. Now, who is vitally interested in the adjustment bureau? It is the local member. He is the stockholder; he is the man who has the "say," and he is the man who has the adjustment of nine cases out of ten. Practically all of the adjustments are handled—the larger portion at least—are disbursed for local creditors, and I can not see why the management of these local bureaus and associations should be taken out of the hands of the local men. They surely are capable of running it for themselves.

M. H. SOWLES, Salt Lake City—I believe that the issues, the fundamental issues, in this question are somewhat confused from the fact that both interchange bureaus and adjustment bureaus are sought to be regulated in the same resolution.

This resolution, to my mind, is a remarkable paradox. Our association, our national organization, is built upon cooperation. So is each local association. Cooperation can never be successful without confidence. In local associations, it is the confidence of each man in his fellow members. In the national organization it is the confidence of each association in the other associations and in the National office.

This resolution, to my mind, strikes a blow at the very roots of democracy in our national organization. Instead of being built upon confidence, the resolution we are discussing is built upon distrust and suspicion. It seems to me the only resolution that should prevail here today is one that will attempt to put the control of adjustment bureaus under each local association, and then let every association and let the National office take it for granted

that each local association is going to do its proper part in living up to the high standards of business ethics, and that in their control of the adjustment bureaus or of the interchange bureaus, they are going to live up to and promulgate all the standards that we adopt in this or any other convention.

The minute you start out to send from the National office a man to check up the adjustment bureaus that are a part of the local associations, you are engendering a spirit of distrust, fault-finding and suspicion, without knowing the local conditions and without knowing any of the circumstances under which local adjustment bureaus are being operated.

I think this is one of the most important questions that may come before this convention, and I certainly hope it will be defeated, for the time being at least. I wish to amend the motion and move that the resolution be laid on the table, because I do not believe this convention is ripe for a consideration of this question yet. (Applause)

A. C. ELLIS—I second the motion.

PRESIDENT JOYCE—We will vote on Mr. Sowles' motion to lay this resolution on the table. Those in favor of this motion, signify their assent by saying "Aye." Contrary, "No." The chair cannot decide and will call for a rising vote.

(138 delegates arise.)

PRESIDENT JOYCE—The chair decides that the motion is lost. Mr. Randel would like to speak for a moment.

MR. RANDEL—I have been connected with this organization for a long time and this is my seventeenth consecutive convention. I have served on the board of directors and I have been in the intricate work of the association for the past several years, and have served as a member of the finance committee. I have had an opportunity to view the situation and the work that has been done by our grand, good organization from both sides of the fence, for the interests of the organization and I was going to say, but I had better not, possibly for some individual's account.

Nevertheless, this fact must be taken into consideration, that the National office is not going to control these bureaus. We do not want it to control them; but if Mr. Carnan of Baltimore has an item in Atlanta and we have a bureau in Atlanta, and Mr. Carnan's item needs attention and we are listing the Atlanta bureau in our "BULLETIN," Mr. Carnan has the moral right to anticipate and to expect that the National office knows its business when it lists the Atlanta bureau. (Applause)

Now, I am not questioning any individual bureau, I am not questioning any individual of any association, but I do say that if this National Association is going to give its moral support to these bureaus, then the National office has the moral right to know that the bureaus are absolutely above-board and above reproach.

I did not anticipate that I would have to get on this platform to defend this resolution that has been given full consideration, for hours, I might say for weeks, by the National office, together with the members of my committee. We knew that it

would be of service to the association. We are not going to hold anybody up as a crook or anything of that sort, but all that we want to know is that when we forward our items to these bureaus, the bureaus, are going to take care of them and you are going to get every cent out of an estate that is due you.

PRESIDENT JOYCE—The question has been called. Those in favor of the motion will signify their assent by saying "Aye," contrary, "No." The motion prevails. The amendment is adopted.

LOUIS FLEISCHER, Philadelphia.—It must be a source of a great deal of satisfaction to the officers and to all to note the amount of debate, consideration, and attention given to the last amendment, but you passed an amendment previous to this without a moment of consideration—the amendment regarding the appointment by the chair of a nominating committee and the insistence that this nominating committee present double the number of names that are to be voted on for directors. You do not realize that at this convention there will be either eleven or twelve elected to the national directory, which means twenty-two or twenty-four men nominated.

In the thirteen conventions that I have attended—

PRESIDENT JOYCE—The chair must rule you out of order.

MR. FLEISCHER—Can I ask for a reconsideration of that amendment? If so, I move for a reconsideration of that amendment.

MR. RANDEL—I rise to a point of order. There has been other business transacted since that resolution was passed.

PRESIDENT JOYCE—The chair rules that Mr. Randel's point of order is well taken.

PERCY MOISE, New Orleans—Mr. Randel and his committee have evidently given a great deal of time and attention to this work, and I move that this convention thank the committee with a rising vote.. Seconded and carried.

PRESIDENT JOYCE—That was a splendid discussion, but it has cost us considerable time. I will be obliged to omit a well deserved commending introduction of the next speaker, who delivers an address on the subject, very important to this Association, of "Suppression of Commercial Fraud." This address will be delivered by Cleveland A. Newton, Esquire, of St. Louis, who is most cordially endorsed by the St. Louis Association of Credit Men.

Suppression of Commercial Frauds

ADDRESS OF CLEVELAND A. NEWTON OF THE ST. LOUIS BAR

The great bulk of the losses sustained by the commercial houses of the country each year is attributed to two causes: first, failures resulting from mismanagement, and, second, failures conceived in fraud. It is the latter cause which I propose here to discuss.

During the two years last past I have been connected with the

Investigation and Prosecution Committee of the St. Louis Association of Credit Men, and the efforts of that committee toward the suppression of commercial frauds have resulted in many valuable experiences and observations, and as the representative of that committee I am here to tell you of some of the things which we have found and to give you the St. Louis idea as to a remedy for the evils from which the commercial houses of the country are suffering.

The National Association of Credit Men, as it is now constituted seems to have put one purpose in view, namely, to render its members more efficient in passing upon the credit of customers. To my mind the association ought to have a two-fold purpose. It ought not only to train its members to pass upon credits but it ought to establish a system by which it could discover, punish and eliminate the crooked and dishonest customer. No service could be rendered which would do more to make credits sound than the elimination of the dishonest and crooked buyer from commercial life.

The experiences of the St. Louis committee in its efforts to ferret out fraud have shown that the average credit man throughout the United States works along in his own way, feeling that the information which he collects about customers is the private property of his concern and that he owes no duty to the association or its members, to impart such information to others, even though the interests of such other persons may be identical with his. Our observations have convinced us that the one great need of this association, in order to stamp out commercial frauds, is co-operation among the individual credit men, a cooperation which will make each credit man helpful to the other and which will in turn render each credit man more efficient. One great difficulty has been that the sales departments of the wholesale houses of the country have overshadowed the credit departments, and competition has been so keen that the desire to make a sale has outweighed the desire to have credit sound. Competition for the trade of honest customers is legitimate and wholesome, but competition should not so dim the eyes of the representative of a house that he cannot discern the difference between an honest and a dishonest customer. Competition for the trade of honest customers should not prevent co-operation to discover and eliminate dishonest customers.

The wholesome houses seem to have a profound respect for laws which prohibit combinations in restraint of trade, but they should be brought to realize that there is no law in this country which prohibits combinations in restraint of crooks, and they should be made to see that in order to eliminate the dishonest buyer whose coveted goal is the bankruptcy court, there must be co-operation and concerted action.

The statutes of the United States contain a law which provides that any person who devises a scheme or artifice to defraud and who in the furtherance of such schemes, shall place any letter, writing or pamphlet in any post office of the United States,

shall be guilty of a felony, and practically every offender who defrauds a wholesale house accomplishes his purpose by means of a scheme or artifice which involves the use of the mails. Thus it will be observed that the laws are sufficient to give every wholesaler full protection, providing, the investigation machinery is adequate to detect the offender and to collect the necessary evidence against him; but strange as it may seem, the wholesale houses of the



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country have never availed themselves of the protection thus afforded, and the Credit Men's Association, as a body, has never attempted to establish an Investigation and Prosecution Bureau sufficiently effective to make this law available.

The St. Louis association, through its Investigation and Prosecution Committee, has attempted to avail itself of this law, and while it has labored under many handicaps and has met with

many reverses, it feels it has accomplished infinite good, and as a result of its operations it believes that if this association will establish and finance an adequate bureau, national in its scope, the fraudulent buyer can be practically eliminated from the trade.

The St. Louis association during the past two years has attempted an investigation of many cases of alleged fraud, and for the purpose of calling your attention to the character of the frauds generally perpetrated, and in order to illustrate the difficulties encountered, I shall relate some of the facts gathered by the committee.

About the month of August, 1915, a merchant in Pueblo, Colorado, who had sufficiently impressed the commercial agencies of the country with his solvency that they had given him a good rating, began a campaign of buying. His financial statement showed his assets far exceeded his liabilities. During the ensuing four months he succeeded in getting credit to the extent of \$52,073.99. His creditors numbered 170 and extended as far north as Chicago and as far east as New York and New Jersey. During that four months' period, he had a number of branch stores in Colorado and Kansas in which he sold goods at less than cost. At the end of the four months he filed a voluntary petition in bankruptcy, and his schedule showed that his liabilities exceeded his assets by more than \$50,000. A number of his creditors lived in St. Louis and were members of the St. Louis Association of Credit Men. They filed their complaints with the Investigation and Prosecution Committee of that city. The first step taken by the committee was to write to the Credit Men's Association of Pueblo, and also of Denver, and in reply the St. Louis association was advised that the Colorado associations were not interested in the failure because none of their members had suffered any losses. This culprit was smart enough to realize that the prosecuting officials of Colorado would be much slower to act if none of their constituents had suffered by the fraud.

The committee, being convinced of the fraudulent character of the operations of this Pueblo merchant and realizing that his scheme had involved the use of the mails, undertook to collect the evidence necessary to a prosecution in the federal court. We accordingly procured a list of the bankrupt creditors from the bankruptcy court, and we then wrote a letter to the credit department of each of such 170 creditors, stating our purpose to collect the evidence upon which to base such prosecution. We requested all correspondence pertaining to each order, all financial statements relied upon by the creditors in making each sale and all stamped envelopes received through the mails. The committee wrote 308 letters in its efforts to collect such evidence, many of which were never replied to by the wholesale houses involved, and the net result of all the letters sent out was one financial statement and one stamped envelope, which, of course, was totally inadequate as a basis for a federal prosecution. The result was that because of our inability to procure the necessary evidence against him this merchant received his discharge from the bankruptcy court and went to parts unknown where he is doubtless again establishing

himself in business under some different name, for the purpose of repeating his criminal operations. The business houses of this country, together with their credit representatives, are themselves responsible for the condition which makes possible the successful operations of such criminals.

As above indicated, one great difficulty which the Prosecution Committee of St. Louis has encountered is lethargy on the part of credit men throughout the country. We have discovered failures which were undoubtedly fraudulent. We have gone to the bankruptcy court and procured lists of creditors with a view of collecting evidence with which to institute prosecutions in the federal courts, charging a use of the mails to defraud. We have written to the credit man representing each creditor asking for letters, financial statements and stamped envelopes pertaining to the purchase which resulted in their loss. In many instances we have received no reply. We have been able to get the financial statement upon which such purchases were made in probably less than 5 per cent of the cases, and we have been able to procure stamped envelopes in which order were received in probably less than 1 per cent of the cases, and yet the stamped envelope is the best evidence of the use of the mails.

Such results constitute a glaring evidence of the failure of the credit men throughout the country to appreciate the need and the value of co-operation in collecting evidence against the perpetrators of frauds upon the houses which they represent. I hope the time will speedily come when the sentiment throughout the National Association of Credit Men and among its individual members will be so developed and the system of investigation and prosecution will be so perfected that when a call is made upon a credit man whose house has lost money through a failure, his inability to produce the financial statement and the stamped envelope and correspondence pertaining to such order will brand him as incompetent and inefficient, and his refusal to earnestly co-operate in the collection of evidence will be grounds for his discharge.

One great difficulty which the Investigation and Prosecution Committee of St. Louis has encountered in the past, and will continue to encounter under the present system, is that its members are not sleuths or detectives and cannot take the time from their regular employment to prepare to cope with the trained and experienced criminal who adroitly lays his plans and covers his trail as he goes. In order to carry on the work successfully, the committee must have time to study the habits and methods of the criminals with whom it has to deal, and it must have funds. Under present conditions, it has neither the time, the opportunity nor the funds. Experience in your own lines of business ought to teach you the futility of such a system. In your sales departments, you employ men who are trained as salesmen; in your credit departments, you have men who are trained to pass upon credits; in your legal departments, you have men who are trained in the law, and if you have a successful investigation and prosecution department, you must have men who have time to train for that line of service.

Another great difficulty which we have encountered has been the timidity of credit men. We have frequently found that a credit man, whose house had been defrauded, was afraid to go to a prosecuting officer to make a statement lest the perpetrator of the fraud should institute a damage suit charging him or his employer with malicious prosecution, and we have found much evidence that those who perpetrate such frauds are fully aware of such fear among the business men and have frequently escaped merited prosecution by threatening such suits. Is it not a grave indictment against an industry as great as the wholesale business of this country to charge that a large percentage of its representatives can be intimidated from discharging a duty so important to the public and to themselves by threats made by criminal parasites who flourish at the expenses of their employers, and yet our experience among our own members and those of other associations teaches us that such is the case. Such timidity comes from a lack of co-operation and preparedness to cope with such culprits.

Let every credit man in the country feel that he is supported by a great national bureau of investigation and prosecution, and that at his beck and call trained blood-hounds of investigation will set upon the trail of the culprit who defrauds him, and you will find that his fear will vanish and likewise a fear will seize the offender, which will either drive him out of business or into other less hazardous fields of operation.

One difficulty which seems to have prevented the business institutions of the country from availing themselves of this powerful governmental agency in suppressing commercial frauds comes from a lack of co-operation and mutual understanding between the representatives of the business houses and the prosecuting officials of the government. The average business man labors under the impression that all that is necessary when he falls the victim of a scheme to defraud, is to make a complaint to a post office inspector or a United States district attorney and that the governmental machinery will immediately be set in operation and continue in motion until the offender is apprehended and punished, and when he makes such complaint and fails to get such results, he criticizes the government for inefficiency of its officers. It is only fair in this connection for me to assert that we have found the prosecuting officers of the government ready to co-operate with us whenever we have been able to give them the assistance which the circumstances under which they labor require.

The business men of the country have not yet come to realize that the first duty of the law-enforcing machinery of the government is to protect the governmental agencies, and that the prosecuting officers as yet have little time to ferret out crimes directed at private business. For instance, the government has upon regular salaries and under civil service a vast army of post office inspectors, but their first duty is to protect the Post Office Department from criminal interference, both within and without the service. They have to guard the mails of the United States from larceny committed by the employes of the department, and many employes are convicted and imprisoned every year for rifling

letters, stealing money from registered packages and taking property from the parcel post. Post office inspectors have also to protect the mails against crimes committed by persons outside the service, such as train robbers, mail box robbers, etc., and if the government did not have this vast force of trained inspectors continually alert and diligently guarding this department, it is doubtful if such governmental agency could long continue to exist.

The treasury department of the United States is another important governmental agency, and in order to protect this department from criminals within and without, it is necessary for the government to have a vast force of secret service men, whose chief duty it is to collect evidence with which to prosecute those who counterfeit the coin and currency of the realm, and without the vigilance and watchfulness of these men, the country would soon be flooded with spurious gold, silver and currency.

The treasury department also has a vast number of investigators known as special agents whose duty it is to enforce the revenue laws of the land, to run down moonshiners of liquors and oleomargarine, and to collect the taxes upon such products levied by the government, and without these special agents moonshining would run riot and the tax upon such products would go uncollected.

While the government maintains this vast army of inspectors, special agents and secret service men as a part of its machinery for the detection and prosecution of crime, and while it is willing to use this governmental machinery to prevent crimes against private property, yet the business men of the country must realize that the first duty of all these governmental agents is to protect the agencies of the government, and after that service is performed, they have little time to run down the culprit who commits crimes against private property and property rights.

Not only does the government employ skilled investigators and special agents to protect its various departments against criminal invasions, but practically every other great industry or business in the country employs such experts for a similar purpose. For instance, almost every great railroad system in the United States has a secret service department headed by a trained and experienced detective who has under his command a great number of trained special agents, and it is the duty of that department to protect the system and its property from the crimes and depredations of various classes of criminals. When larceny is committed in freight cars, baggage cars, warehouses or upon other properties belonging to the system, it is the duty of these special agents to detect the persons who commit such crimes and to collect the evidence showing their guilt, and as soon as such evidence is collected, and the names and addresses of the witnesses procured, it is all laid before the legal department of the system, where it is put in form for presentation to a grand jury or a prosecuting officer. When the case is ready it is taken by the attorneys or representatives of the railroad and laid before the prosecuting officials of the state or federal government; the prosecuting official will then promptly lay the evidence before a grand jury or warrant

officer, and the prosecution will proceed without further delay. The railroads have long since come to recognize that the government cannot undertake to furnish special investigators to protect their property against crimes but that before they call upon the government for assistance, they must first assist themselves by collecting the evidence upon which they ask that prosecution be instituted. Thus it will be observed that the investigation machinery of the railroads articulate and co-operate with the prosecuting machinery of the state and federal government to the end that such railroads are able to procure prompt and vigorous prosecution of those who commit crimes and depredations against them. The assistance which the railroads are now receiving from the state and federal governments in the way of prosecution will be cheerfully extended to the credit men of the country as soon as you, the representatives of the great business houses, equip yourselves with the proper machinery with which to furnish the assistance and co-operation which is now being furnished by the railroads.

I know of no more striking illustration of the force and effect of an arm of service such as I have indicated, upon a great industry or business, than is shown in the case of the American Bankers' Association. The banks and trust companies of the country were formerly the favorite objects of attack by skillful forgers and experienced yeggmen. After the American Bankers' Association was organized it soon came to realize that one of the functions which it ought to perform was to devise some means of protection against the depredations of these classes of criminals, and it further realized that the way to prevent crime is to punish crime, and that in order to punish crime the criminal must be detected and apprehended and that evidence showing his guilt must be collected; and in order to detect and apprehend such criminals and collect the necessary evidence against them, the services of experts trained in that line of work were essential. That association further realized that in order to procure such services, an expenditure of money would be necessary, so in order to raise the necessary funds for that and other purposes, the association fixed the annual dues of its 15,000 members at amounts proportional to the capital stock of each bank, ranging from \$10 to \$75, and with a part of the funds thus collected, the association employed one of the great detective agencies of the country to do its investigation work and to pursue those who committed crimes against its members. The result is that every bank and trust company in the United States which belongs to that association feels the security and has the protection of one of the greatest crime detecting forces in the land. And a force which detects and punishes crime also prevents crime. The result is that the trained forger or yeggman, before he attacks an institution, will first investigate to determine whether or not such institution is a member of the American Bankers' Association, because every such criminal is fully aware that as soon as he commits a crime against one of those institutions, expert detectives will hound his trail and pursue him until he is safely lodged behind prison walls. Not

only do these detective agencies pursue the men who have committed crimes against their clients, but they keep under surveillance the confirmed forgers, yeggmen and safe blowers from the time they leave the prison gates until their conduct makes it necessary to confine them again. Furthermore, the bankers' association, as a part of its service, furnishes to its members each month a bulletin containing a description, and many times a picture, together with the method being used by the criminals then operating in the country, so that every bank-clerk, cashier and teller is continually advised, knows the character and general appearance of the persons for whom to watch. Do you not think such information would be of great service to the credit men of the country?

Not many years ago the hotels throughout the United States continually suffered from bogus and forged checks and drafts. The practice of uttering such instruments in the hotels of the country became so prevalent that it was hazardous for the managers and clerks to attempt to accommodate the guests whose checks appeared to be genuine. The result of that situation was the organization of the American Hotel Protective Association. The members of the association were required to pay annual dues according to the number of rooms in each hotel, ranging from \$6 to \$72 per annum. Arrangements were then made with one of the great detective agencies to make investigations and pursue the offenders. Thereafter, as soon as any hotel manager, clerk or cashier was defrauded, the facts were immediately reported to the nearest branch of the detective agency so employed, experienced detectives were immediately put upon the case, who trailed the offender until he was apprehended, and they also collected the evidence which insured his conviction. Not only do the detectives pursue the swindlers, but each hotel clerk receives each month a bulletin containing a description and often a photograph of those at the time operating. The result has been that the hotels of the country are now almost entirely free from such frauds. Many of the offenders have been convicted; more of them have been deterred and finding the business now too hazardous, have either reformed or gone to other fields of operation. As long as the hotels depended upon the ordinary governmental machinery of investigation and prosecution the criminal thrived at their expense, but when they awoke to a realization of the fact that before asking the state to help them, they should first help themselves, and proceeded accordingly, they found that criminals are cowardly, and that the evil from which they had suffered so much, could be easily cured.

The automobile industry of this country has developed until today one of the most lucrative fields of operation for the criminal is the larceny of cars from streets and highways, and so much have the automobile owners suffered that today the automobile clubs of the country are organizing for the purpose of establishing an investigation and prosecution bureau for the purpose of apprehending and punishing such criminals.

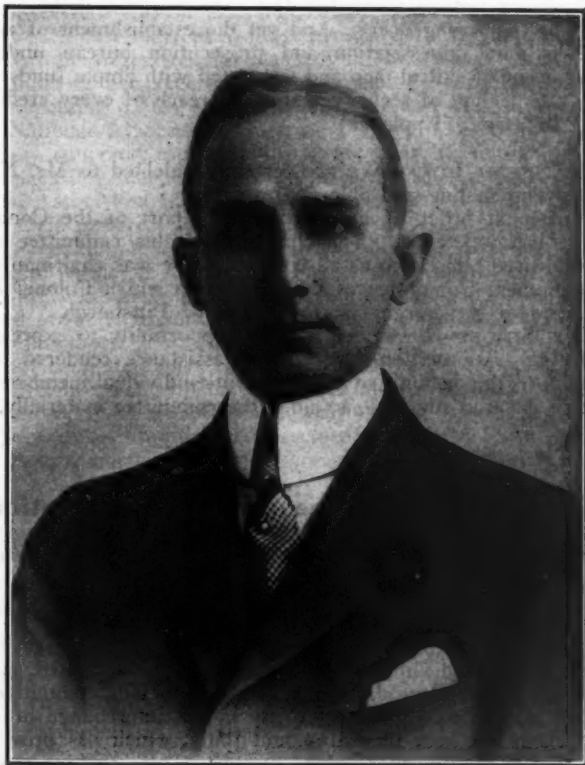
Thus it will be observed that the federal government has its investigation and prosecution departments for the protection of its

various governmental agencies, that the railroads, the banks and trust companies and the hotels have established departments in which men are employed who are especially trained in the investigation and prosecution of crime, and the automobile clubs are moving rapidly in the same direction, and yet the National Association of Credit Men, representing the great commercial business of the country, has never embraced as one of the important objects of its existence the investigation and prosecution of crime. It has an investigation and prosecution committee made up of credit men, but their time is required to pass upon credits for their employers and they have no time to study and become trained investigators, and no man who is not trained for that purpose can cope with a cunning and wily criminal. The association ought to have an investigation and prosecution bureau officered and operated by men who are experts in their line. Every credit man in the country ought to be a part of that bureau. He ought to be trained to require financial statements specific enough to be disproved if found to be fraudulent. He ought to be taught what evidence is and how to preserve and produce it. By this method he could be made an efficient part of a great system with a small sacrifice of time. Such a bureau ought to scrutinize every bankruptcy proceeding, and if evidence of fraud is found, then such evidence should be collected and the bankrupt's discharge prevented, and when the facts justify, a prosecution should be instituted, and every bankrupt whose integrity there is good ground to suspect ought to be kept under surveillance. With such a bureau and such a system, every perpetrator of criminal fraud would realize that as soon as he committed a crime against any member of this association, trained investigators would be put upon his trail who would pursue him until he landed behind prison bars. The result would be that the hazards of a now lucrative field of operation would become so great that the criminal would be deterred from invading it, and credits which are now doubtful would become safe.

But in order to establish such a bureau, the association must have funds, and in my judgment a conscription of funds in the form of annual dues would be far more effective than the present voluntary system of contribution. The American Hotel Protective Association and the American Bankers' Association each raise funds for investigation and prosecution by means of annual dues, and the method in both cases has been a success, and the results which they have accomplished in punishing and preventing crime, by means of the money thus raised, have been abundantly satisfactory. Neither of these associations could now be induced to abandon that branch of their service.

As business men I ask if you do not believe that such a bureau would be a good investment for the National Association of Credit Men. Do you not believe that the money expended for that purpose would bring a splendid return? Bradstreet's report shows that the losses through fraudulent failures in the United States during the past two years amounted to approximately \$18,000,000 for

each year, and had every bankruptcy in the country been scrutinized, as it would be by such a bureau, many of the losses which now appear under the head of mismanagement would undoubtedly appear under the head of fraud and would thus swell the already staggering figures accredited to fraud. An efficient bureau of investigation and prosecution made up of trained and skilful in-



ROBT. P. SIMONS
W. W. Lawrence and Co., Pittsburgh, Pa.
Chairman Committee on Credit Cooperation.

vestigators would probably have prevented 75 per cent of such losses, and yet 2 per cent of the losses now conceded to fraud amount to \$360,000 per year, a sum sufficient to establish a bureau which would achieve marvellous results.

The experienced safe-blower and bad check vendor will each make sure that a certificate of the American Bankers' Association does not hang within the walls of a bank or trust company before they attempt a crime against such institution. Likewise a hotel

crook will look in a hotel for the RED STAR of the National Hotel Protective Association before he will attempt to operate his frauds therein, because each of them knows that to invade an institution belonging to either association is to invite the pursuit of men who are able to trail and to capture, and who know how to collect evidence with which to convict. Would it not give a feeling of wonderful security to a credit man if he could hang a certificate or symbol above his desk which would strike so much terror to the wrong doer? And yet the establishment of an adequate national investigation and prosecution bureau under the management of skilful men and supported with ample funds would bring that feeling of security within the reach of every credit man in the country. (Applause)

PRESIDENT JOYCE—We are certainly indebted to Mr. Newton for very interesting and able address.

Our next order of business is the report of the Committee on Credit Cooperation. The chairman of this committee is one who endeared himself to us all last year. He was chairman of the Entertainment Committee of the convention which Colonel Porter conducted in Pittsburgh—R. P. Simons of Pittsburgh.

MR. SIMONS—I want to take this opportunity to express personally my appreciation for the able assistance rendered by the members of this committee and also to its individual members, who by their splendid suggestions, aided the committee materially.

Report of Committee on Credit Cooperation

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

From the inception of your committee, we were sensible of the genuine responsibility with which we were confronted, because of the efficient and productive efforts of previous committees.

Since the element of reciprocity in the interchange of credit information has been the paramount thing, which has proven the great worth of our interchange system; it was the inference of your committee that great stress should be brought to bear upon users of our national inquiry form that this important feature of interchange should be zealously maintained and encouraged.

Too frequently have complaints been called to the attention of your committee upon the abuse of the reciprocity feature of our interchange system, and in order that this fundamental element be not endangered, your committee believes that no information should be asked, unless the inquirer shows a disposition to co-operate, by giving an impartial account of the inquirer's experience, or stating whether it is a first order.

Your committee further believes that, to maintain the high order of efficiency, carelessness and disregard of the co-operative rules should be discouraged by returning to the inquirer an im-

proper request for information, stating the reasons for so doing.

Your committee heartily endorses the plan adopted by the Credit Co-operation Committee of the Minneapolis association which is attested in substance as follows:

"Our association has recently issued printed notices in an effort to raise the standard of trade inquiries, and to endeavor to overcome to some extent at least, the abuses that have crept into the exchange of ledger information.

"These slips have been furnished to all our members, with the urgent request that they be used whenever improper inquiries are received. The committee recommends that something of the same nature might well be issued by our National Association."

Many concerns, especially the larger ones, receive several inquiries each day that do not conform to the rules adopted by our National Association. These inquiries are either answered regardless of their incorrect form, or else they are thrown in the waste basket. Neither procedure helps the situation to any degree, and it seems to us that if slips similar to the one as shown by (Exhibit No. 4) are used consistently, it will result in a campaign of education and ought to accomplish considerable in raising the standard of trade inquiries.

Your committee gave careful study to the improvement of the inquiry form, recommended by the committee of 1916, and submitted the result of its activities to the National Association which, we believe, met with official endorsement, and these forms are now being used by many of our members with satisfactory results (see Exhibit No. 1).

Your committee respectfully directs attention to a few slight alterations in the new inquiry form, which were in line with the recommendations of the Pittsburgh unit of the 1916 committee.

Many suggestions worthy of consideration were received, but careful compilation was found essential, in order that the interrogations should meet with majority requirements.

Your committee further gave careful consideration to a suitable form for use in making inquiries of bankers and respectfully submits two forms, as shown by (Exhibits No. 2 and 3.)

Your committee believes that either one of the forms submitted with possibly a few slight changes would meet with the approval of the committee on credit forms of the American Bankers' Association and recommends the adoption of a form similar to the two forms submitted herewith.

Your committee begs to offer the following resolutions:

I.

"Resolved, By the National Association of Credit Men in convention assembled, that the rules adopted by the 1914 convention for the governance of ledger and credit experience interchange between members of the Association, be and are hereby reaffirmed

with the recommendation that they be religiously conformed with by our members in the interchange of information, one with the other."

II.

"Resolved, By the National Association of Credit Men, that it is essential for the best interests of all users of our standard inquiry form, that a rule governing reciprocal experience interchange be unanimously endorsed and incorporated in the rules to govern the interchange of credit experience between members, as approved by the convention of 1914, and to be known as rule No. 9."

III.

"Resolved, That the incoming committee on Credit Co-operation be requested to consider the recommendations in this report for the adoption of an inquiry form, for use in the interchange of credit information between our members and the banks, and that there be drafted a form so that it will be in conformance with the ideas and demands of the American Bankers' Association."

IV.

"Resolved, That the members of the National Association of Credit Men be requested to use a standard inquiry form as recommended in this report, that may hereafter be approved and adopted, for use in credit experience interchange between the members of our Association and the banks."

Respectfully submitted,

R. P. SIMONS, Chairman, Pittsburgh;
H. C. WORKMASTER, Pittsburgh;
G. J. G. ANDERSON, Pittsburgh;
J. W. HARLAN, Vice Chairman, Atlanta;
H. D. CARTER, Atlanta;
WILLIAM AKERS, Atlanta;
ERB KREIDER, Vice Chairman, Kansas City;
C. L. DAVIES, Kansas City;
GEO. C. HEINRICI, Kansas City;
J. H. NEWBAUER, Vice Chairman, San Francisco;
W. P. SUGG, San Francisco;
C. G. MOORE, San Francisco;
L. J. BERGMAN, Vice-Chairman, Solvay, N. Y.;
IRA N. LEE, Syracuse;
FRANK P. WESTCOTT, Syracuse;
W. G. ALLEN, Vice Chairman, Tampa;
R. W. MILLER, Tampa;
N. M. McLEARN, Tampa.

EXHIBIT NO.1

RETURN THIS TO US New York, N. Y.191

Kindly give us below YOUR EXPERIENCE with

Name _____ Business _____

P. O. _____

From whom we have _____ order for \$ _____

(Indicate whether first order)

ALL INFORMATION WILL BE CONSIDERED STRICTLY CONFIDENTIAL

Yours truly,

RICHMAN & CO.

APPROVED AND ADOPTED BY
NATIONAL ASSOCIATION OF CREDIT MEN

Business

To _____

Sold from _____ To _____		Manner of Payment Answer—Yes or No
Terms _____		Discounts
Highest recent credit, . . . \$ _____		Prompt and satisfactory
Owing now { Not due {	On open account, \$ _____	Slow but considered good
	On notes, . . . \$ _____	Slow and unsatisfactory
Owing now { Past due {	On open account, \$ _____	Account secured
	On notes, . . . \$ _____	Notes secured
Other information _____		Notes paid at maturity
_____		Notes renewed in full
_____		Notes renewed in part
_____		Makes unjust claims
_____		Collected by attorney

(Reciprocal Information next page)

RETAIN THIS FOR YOUR FILES New York, N. Y. 191

We give you below OUR EXPERIENCE with
Name _____ Business _____

P. O. _____

From whom we have _____ order for \$ _____

(Indicate whether first order)

PLEASE CONSIDER INFORMATION STRICTLY CONFIDENTIAL

Yours truly,

RICHMAN & CO.

APPROVED AND ADOPTED BY
NATIONAL ASSOCIATION OF CREDIT MEN

Business

To _____

Sold from _____ To _____		Manner of Payment Answer—Yes or No
Terms _____		Discounts _____
Highest recent credit, . . . \$ _____		Prompt and Satisfactory _____
Owing now { On open account, \$ _____		Slow but considered good _____
Not due { On notes, . . . \$ _____		Slow and unsatisfactory _____
Owing now { On open account, \$ _____		Account secured _____
Past due { On notes, . . . \$ _____		Notes secured _____
Other information _____		Notes paid at maturity _____
_____		Notes renewed in full _____
_____		Notes renewed in part _____
_____		Makes unjust claims _____
_____		Collected by attorney _____

EXHIBIT NO. 2.

RETURN THIS TO US Pittsburgh, Pa., 191....

Kindly give us below your opinion regarding the financial standing and general reputation for promptness and integrity of

Name Business

From whom we have Order for \$.....

Indicate whether first order.

All information will be considered strictly confidential.

Yours truly,

.....
 Approved and adopted by
 National Association of Credit Men
 and
 American Bankers Association.

Signed

Business

To

Does subject inquired upon bank with your institution?

Are affairs conducive of Success?

Is subject a Borrower? { Frequent.
 Occasional.

Are obligations met upon presentation of maturity { Acceptances..
 Checks.....
 Notes.....

Owing now upon accommodations { Secured \$.....
 Unsecured \$.....
 State whether due or not.

Other information

EXHIBIT NO. 3.

Pittsburgh, Pa., 191....

Below we give you our experience with

Name Business

P. O. Address

.....
 Approved and adopted by
 American Bankers Association
 National Association of Credit Men

Signed

Business.

Sold from to
 Highest Credit Extended \$.....
 Owing Now \$..... Not due \$..... Past due \$.....
 Manner of Payment
 Other Information

Will you kindly note your experience on attached sheet and return it to us.

(This line perforated)

..... 191
 Name Business
 P. O. Address
 Client since
 ACCOMMODATIONS? Frequent Occasional Refused....
 Obligations paid? Promptly Renewals
 Is party inquired on making headway in business?
 Other information

To

All information will be considered strictly confidential.

EXHIBIT NO. 4.

This inquiry is improper in form and does not conform to the rules of reciprocity adopted by the

NATIONAL ASSOCIATION OF CREDIT MEN.

We are therefore returning it herewith for correction and would call your attention to the reasons checked below.

We will gladly answer all inquiries made in the correct form.

1. No stamped return envelope

2. Your experience?

3. Amount of first order?

Signed

MR. SIMONS—I move the adoption of the report.

C. E. MANN, Minneapolis—I wish to second the adoption of those resolutions. I wish to state also that I can not get over my almost daily surprise in receiving inquiries from some of the largest houses in Chicago and St. Louis and they give no information whatever as to their experience. I wish very much that the members of those associations mentioned could take these people, cause them to hit the trail, take them into the inquiry room, lock the door, and keep them there until they are converted.

The resolutions were adopted without further discussion.

PRESIDENT JOYCE—Our next order of business is an address upon the subject of "Credit Information, Its Uses and Abuses," by Vernor Hall of Dallas, Texas.

"The Interchange of Ledger Information"

"ITS USES AND ABUSES"

ADDRESS BY VERNOR HALL, DALLAS, TEXAS

We live in a time when the world is engaged in the most colossal conflict in human history, while nations reel and stagger toward bankruptcy under an ever-increasing burden of debt. When the greater part of the entire population of the civilized world is engaged principally in the work of destruction and waste, and business gropes its way in darkness with no light of experience to guide its pathway, it is but natural then that any practice which prompts optimism, restores confidence and stimulates trade and industry everywhere, should receive nation-wide consideration.

It has been well said that the interchange of ledger information is the life blood of this association. You will recall that it was that distinguished scientist and gentleman, Sir William Harvey, who in 1616 first gave to an astonished world his discovery of the circulation of the blood through the system as the basis of all animal life upon this planet. We should count ourselves fortunate indeed that we have within this great organization today, in the person of our splendid secretary, Mr. Tregoe, a modern Harvey, if you please, who has not only discovered and announced the life sustaining fluid of this organization, but travels up and down the breadth of this broad land of ours as the champion of its free and unlimited circulation. And you see the visible demonstration of the result of this work in the splendid body represented at the twenty-second annual convention.

So important has the interchange of ledger information become as a part of our national business life that it would not be amiss to compare its beneficial influence upon trade and industry to that of the Federal Reserve Banking System, and its growth has been coincident with the progress and development of this organization.

Knowing him as I do, when Mr. Tregoe requested that I prepare a twenty-minute address on this subject, I was reminded of a story told on a former governor of Tennessee, Bob Taylor, affectionately called by the citizens of that state "Our Bob," during his lifetime. It is said when a lad Taylor lived in a small town in that state in which the highest salaried man in the place was the cashier and vice-president of the local bank, who drew the magnificent sum of \$75 per month for his services. Most all the

clerks that Bob Taylor knew received \$15 per month, and some were efficient enough to draw \$20 each month. Bob was ambitious so he importuned a friend in Nashville, the capital and metropolis of the world in which he lived, to give him a position. He received the following communication by wire:

"Position open, offer you \$15 per week. Wire if you accept."
To which he joyfully replied:

"Position accepted. Ain't you mistaken about salary? Don't you mean \$15 per month?"

I was therefore constrained to ask Mr. Tregoe if he was not mistaken about allowing only twenty minutes time on this subject. Since I hear no admissions of error, I will undertake to keep within his limitations.

It would be useless in a brief address to endeavor to show the many uses in the business life of the nation of ledger interchange, but in the light of world events at this time, may we not emphasize three of the most important:

First: As a patriotic service to promote unity among the business men of the nation, both in thought and action.

Second: As a conservation measure to aid the nation in eliminating waste by decreasing the bad debt waste.

Third: As a check upon national extravagance due to an over-extension of credit by bankers, wholesalers and manufacturers to their customers.

As to the first:

Today the din of the great world conflict thunders in our ears and the voice of reason is hushed in the roar of cannon. As never before in the history of the land we love so well has unity of purpose and conservation of the nation's resources, become the watchwords of the hour. What greater service can we render our country as guardians of the national credit structure than by promoting as best we can in every way possible, the free and unrestricted interchange of ledger information among all business institutions. And it is not a mistake for us to assume that which experience teaches us is not true, that all business institutions favor the free and unrestricted interchange of this valuable information. And as it is true that a chain is no stronger than its weakest link, so are we as credit grantors weakened by the refusal of any of our business institutions to participate in the exchange of information. What would do more to keep business men calm and steady in these trying days than the knowledge that every ledger in America was an open book? Nothing could more quickly unify and bring together the various business and industries both north, and south, east and west. What similar service can you render which will more effectually tend to decrease the bad debt waste of the nation than this?

Side by side with the development of this important branch of association activity has been erected the Cannon of Commercial Ethics which denounces the failure to tell the whole truth by one proposing to interchange ledger information. To tell part of the truth, without telling it all is oftentimes worse than deliberate misrepresentation. Due to the high standards which have been

erected by this organization, it is a pleasure to note that cases of intentional violation of confidence are exceedingly rare. The credit men of America believe in each other and that is what makes ledger interchange valuable.

As to the second use, that of decreasing the bad debt waste of this country: The national association has long and consistently fought the bad debt waste and the excessive fire waste and has accomplished wonders in both directions. Our bad debt waste, however, is still so large as to yearly assume alarming proportions. In the face of the competition which this country must meet, both from allied and belligerent nations, at the close of the present war, we can only retain our prestige as a commercial power by the elimination of every form of waste. A failure to do everything in our power to decrease the useless burden upon commerce is not only unpatriotic, but positively criminal, and he who fails to do his bit in this time of world crisis is guilty of treason to his country because he is undoubtedly thereby "giving aid and comfort to the enemy."

This unity of purpose in thought and action and intelligent thoughtful work in reducing to the minimum the bad debt waste of the country will prepare us to meet and withstand the shock to the credit structure which it will sustain when the war is over and the flow of gold to this country shall cease. At that time, the tide will ebb and the gold tend to flow back into its former channels in the markets of the world. This will undoubtedly cause a contraction in credit in the United States the extent of which shall depend upon the rapidity with which the gold is lost by this country. But the credit men of this country, true to their traditions, will be prepared to meet and solve this problem, and in its solving the interchange of ledger information will play no unimportant part.

Solomon, the wisest man in all history, was the first exponent of free and unlimited credit information, for he says: "Without counsel purposes are disappointed but in a multitude of counsellors, they are established."

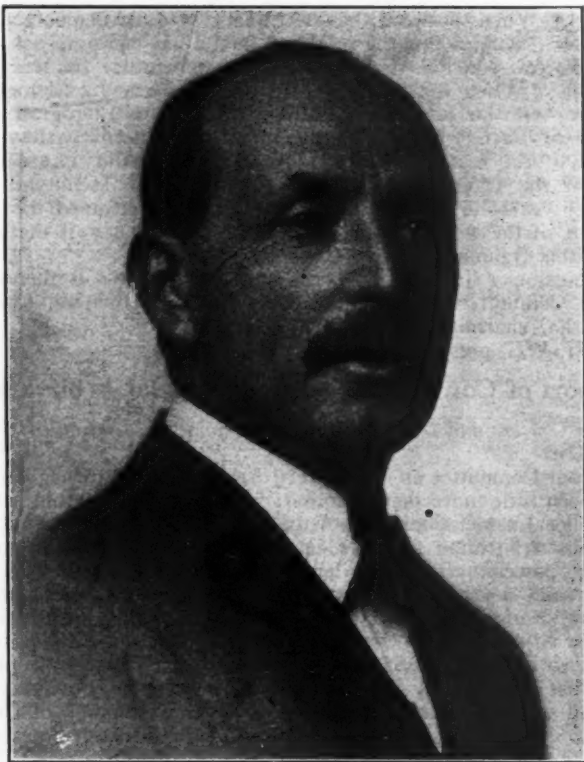
As to the third use, that of checking the tendency to national extravagance, which is justly charged against this nation, we can never be permanently great as a creditor nation, until we cease to be a nation of spenders. Overbuying is the mother of extravagance and failure. To extend too much credit is as detrimental as the failure to extend enough. We frequently hear the complaint that houses in distant parts of the country request credit information where they can give none in return, and that it is not reciprocal. Is this complaint well founded? Is it not important that the credit man in Texas selling hardware knows that his customer is buying more than his requirements of dry goods in Kansas City or St. Louis? Will it not be helpful if the shoe man in Texas learns through inquiries from Baltimore and New York that his customer is buying too much clothing for the small town in which he operates? And does not the credit man in Texas owe the duty to his fellow credit men in New York, Baltimore, Kansas City and St. Louis to write them, if in his judgment, their inquiries indi-

cate that his customer has been too free in his purchases in those markets for his own good, and theirs? If he fails in this duty, is he not to blame largely for the loss when the failure comes and the addition to the bad debt waste is recorded? This is the day of co-operation. "United we stand, divided we fall" should be the motto in business institutions as well as in patriotic societies. Today as never before, we are called upon to answer the question that has come down to us through the ages by declaring that "Man is his brother's keeper."

As to the abuse of the interchange of ledger information, this is almost as important a subject as its use, for the abuse has a tendency to restrict and discourage the use of it. One of the most frequent forms of abuses is the practice of small credit grantors, who make a yearly practice of revising their files, regardless of whether they have an open account owing at the time, or an order on hand. This unnecessarily increases the number of inquiries and the expense and trouble of answering them upon the members inquired of. It tends to restrict rather than promote ledger interchange; to make indiscriminate inquiries or to inquire of firms who are not known to sell the subject, or are not in his trade territory. Fellow credit men, do not ask a hardware jobber, dealing principally in heavy hardware in El Paso his experience with a customer in Texarkana, 861 miles away. It's a waste of time and stationery. Do not ask a wholesale grocer in Houston, Texas, about a customer in Amarillo, 640 miles away. He will probably refer you to Kansas City, it's nearer, only 585 miles. Do not make an inquiry unless you are in doubt as to a man's standing, or of his right to credit, or the extension of an existing indebtedness. Remember, when you make a useless inquiry, you strike a blow at ledger interchange. A man rated F2-1/2 is certainly entitled to \$20 worth of cutlery or \$50 worth of some wonderful horse and mule remedy, on regular terms without flooding the mails and burdening your fellow credit men with inquiries about one whose credit standing is unquestionable. It has always been a matter of complaint that members of our organization oftentimes file inquiries away, without answering them, or leave the work to subordinates who fail to give the desired information. This complaint is well founded but the practice is a result of indiscriminate inquiries. Another just cause of complaint is that the maker of inquiries fails to give his experience frequently, or if a first order does not so state or give the amount. Most credit men give this information; some do not.

How important this is was well illustrated by a case which occurred in Texas. A small merchant of a small town in that state went to St. Louis and purchased two orders of shoes and one of dry goods, giving a wholesaler in that state as reference. He went to Kansas City and repeated the performance. He did not buy so much of any one of them as to arouse suspicion. Desiring to get the most out of life he went to Chicago and New York and came back by way of Baltimore, and bought clothing, overalls, and other merchandise, en route and at every stop. In due time the credit man of the wholesaler in Texas rubbed his eyes when he began to receive inquiries from the credit men of the cities this merchant had visited. With an adding machine he discovered

that the total of the orders placed in the various cities amounted to over \$20,000, or about four times the net worth of the merchant. He informed his fellow credit men and at the same time proceeded to collect an account this merchant owed his house. The liberal buyer waited in vain for the goods that never came. He finally gave up hope of getting them to put in his slaughter sale and proceeded to pull it off with what goods he had left and ran for about thirty days. One night his store caught fire and burned and the next morning he had departed like a bad dream, never to return.



M. WEIL

Director and Chairman of Committee on Commercial Arbitration
National Bank of Commerce, Lincoln, Neb.

Let us guard against the abuse of ledger interchange as watchfully as we can and thus encourage its use. We can thus cement that bond of fellowship which is exemplified in this organization and let us send forth the message to the furthestmost corners of the earth that ye are citizens of a government in fact as well as in

name, the greatest in God's universe, THE UNITED STATES OF AMERICA.

In conclusion, fellow credit men, let us keep steadfast in the faith that beyond the black cloud of war that hangs upon the horizon today, there is shining in all its splendor the sun of a brighter tomorrow, and the great day of the parliament of mankind and confederation of the world draws ever nearer. With our faces toward the dawn can you not look forward to the time when the stars and stripes shall have carried their message of freedom to the war-weary nations of the earth, and the thunder of the cannon and the tumult and shouting of this world conflict will be hushed. When the world has been made safe for democracy, and the ideal of our great President, Woodrow Wilson, has been realized, can you not visualize a far greater future for this organization? When the business man of Vienna will exchange experience with his brother in the snow-clad city of Petrograd and a citizen of Paris will be glad to extend a business courtesy to a citizen of the republic of Germany at Berlin. And we, as members of the International Association of Credit Men, will then journey yearly to our convention to be held in some of the great markets of the world. Then will the fondest dreams of the builders of this organization come true. (Applause)

PRESIDENT JOYCE—Our next order of business is the report of the Committee on Commercial Arbitration, M. Weil, Lincoln, Nebraska, chairman. (Applause)

Mr. Weil presented the report as follows:

Report of Committee on Commercial Arbitration

To the Officers and Directors of the National Association of Credit Men:

Your Committee on Commercial Arbitration has throughout the year been little more than an observer of tendencies within certain of the local associations toward the adjustment of commercial disputes by arbitration and has encouraged these tendencies within its best powers. Following largely the course of history in this department, nothing of a practical nature was considered for the bringing in of commercial arbitration as an economic and desirable form of adjudication in commercial disputes, for the question is involved so largely in intricacies as to adaptability and legal provisions that it is difficult for a committee, constituted as are the special and standing committees of the National Association of Credit Men, to do the subject justice and set in motion ideas of a practical and adaptable character.

It is a pleasure, however, for your committee to say that in its sincere opinion, commercial arbitration as an economic and expeditious method of settling disputes is most desirable and should become a fixed form of adjudication throughout the states. Recognition and great credit must be given to the Chicago association for having organized under specially prepared rules, and with the assistance of a local court, a department of commercial arbitration. This department has not yet been called into action so far as your committee is advised, and its supervisors, recognizing the need of certain legislation in order that its work might be more effective and

availed of when commercial disputes occur, have sought through the Illinois Legislative Committee the passage of a bill, which, if enacted, will give to the arbitration department of the Chicago association excellent powers and establish a good precedent for other states.

The organization of a like department was considered by the Buffalo association. It was considered seriously by the Detroit association but nothing of a concrete character has resulted in either of these cities toward the establishing of commercial arbitration departments so far as your committee is informed.

This form of adjudication is still carried on with excellent results in the Chamber of Commerce of the State of New York, under the direction of Charles L. Bernheimer, who continues to be the ardent supporter of the system. This, in effect, is our offering for the year which the convention will recognize does not differ in character from the reports of former committees; yet there is dissatisfaction felt that so excellent an idea as the settlement of disputes by arbitration is moving so slowly and the hope is strong with your committee that something may happen or plans be brought into play that will expedite the organization of commercial arbitration departments in large mercantile cities with the direct effect of cutting down the expensive and vexatious delays in court procedure due largely to the over-taxing of court dockets.

Your committee begs to offer the following resolutions:

I

"Resolved, By the National Association of Credit Men that its belief is reaffirmed in the principles and economic value of commercial arbitration and it registers its hope that the business men of the country may quickly recognize the excellent results that must follow the adoption of the arbitration principle in proper form for the adjudication of commercial disputes."

II

"Resolved, That the incoming Committee on Commercial Arbitration shall, with the assistance of the officers and directors of the National Association of Credit Men, give thorough consideration to the subject, arrange conferences and investigations that might tend to increase the public interest in the subject of commercial arbitration, and bring about the passage of necessary laws and the arrangement of departments where this form of adjudication may be available for commercial disputes."

Respectfully submitted,

MORRIS WEIL, Chairman, Lincoln;
 GEO. W. WOODS, Lincoln;
 E. G. EVANS, Lincoln;
 W. M. MAXWELL, Vice-Chairman, Rensselaer;
 EUGENE C. DOYLE, Albany;
 CARL O. HASSELBARTH, Albany;
 W. B. HOWE, Vice-Chairman, Burlington;
 E. I. SOULE, Burlington;
 E. O. MITIGUI, Burlington;
 P. S. ADKERSON, Vice-Chairman, Lynchburg;
 C. GILBERT, Lynchburg;

ROBERT S. JONES, Lynchburg;
 J. W. PITTINGER, Vice-Chairman, Newark;
 C. M. FREEMAN, Newark;
 WM. R. CONKLIN, Elizabeth;
 ALEXANDER BRUCE, Vice-Chairman, Fargo;
 A. J. DANSTROM, Fargo;
 W. C. DOBLE, Fargo.

MR. WEIL—I move the adoption of these resolutions.
 Motion seconded and carried without discussion.

PRESIDENT JOYCE—In the absence of James A. Field of Charleston, West Virginia, chairman of the Committee on Commercial Ethics, I will ask the secretary to read the report made by that committee.

Report of Committee on Commercial Ethics

To the Officers and Members of the National Association of Credit Men:

Your Committee on Commercial Ethics will offer to this convention but one Canon of Commercial Ethics, No. 9 of the series, with the hope that the nature of the canon and the form of co-operation it directs attention to, may have the very hearty approval of the commercial public. The committee recognizes that building up canons of commercial ethics should proceed with deliberation and that canons should not be announced until the evils intended to be corrected or the constructive practices intended to be defended and approved are recognized as of nation-wide importance and falling clearly within the credit system of the nation. That the National Association of Credit Men should be the only business organization of the nation constructing Canons of Commercial Ethics is significant and indicative of the powerful influence that the Association is expected to play in the construction of sound standards and honest principles in business and credit affairs. Committees of bar associations have referred to these canons in a most gracious manner and the effect of them should be felt throughout the entire credit and commercial fabric of the nation.

The canon offered by your committee and designated as No. 9, is as follows:

"Cooperation is unity of action, though not necessarily unity of thought. When the administration of an insolvent estate is undertaken by the creditors through friendly instrumentalities, or when after critical investigation creditors representing a large majority of the indebtedness advise the acceptance of a composition as representing a fair and just distribution of a debtor's assets, it is uncooperative and commercially unethical for a creditor to refuse the friendly instrument or the composition arbitrarily and force thereby a form of administration that will be prejudicial and expensive to the interests of everyone concerned."

With this brief report, which in its very brevity carries a strong message to credit grantors, the committee offers the following resolutions:

I.

"Resolved, That the Special Committee on Commercial Ethics

shall be continued with the full recognition that this department will exert great influence upon the credit standards of the nation and tend to bring about soundness, honesty and fairness in business affairs.

II.

"Resolved, By the National Association of Credit Men that it emphatically endorses the Ninth Canon of Commercial Ethics and urges its wide distribution and publicity to the end that co-operation in its true sense may be the controlling factor in the relations of credit men with one another."

Respectfully submitted,

JOHN A. FIELD, Chairman, Charleston;
L. C. STEPHENSON, Charleston;
J. W. MERRICKS, Charleston;
P. V. HOLLINGSWORTH, Vice-Chairman, Augusta;
AUDLEY HILL, Augusta;
JOHN PHINIZY, Augusta;
P. J. ALEXANDER, Vice-Chairman, Bluefield;
T. N. WILLIAMSON, Graham;
W. H. WADE, Bluefield;
E. L. MARTIN, Vice-Chairman, Lexington;
DAVID ADES, Lexington;
R. M. RENICK, Paris, Texas;
H. D. ELLIOTT, Vice-Chairman, San Antonio;
ARTHUR STORMS, San Antonio;
A. H. HALFF, San Antonio.

The motion to adopt the report was carried without discussion.

SECRETARY TREGOE—Before we proceed further, and we have one more item, I think the discussion over the amendment to the constitution and by-laws kind of got our physical powers just a bit, as well as our mental powers. You know, we wanted this convention to be full of human interest. We do not want these reports to be passed by without being criticised and gone into thoroughly. Tomorrow evening there is to be no form of entertainment and I have arranged with the local committee that either at the hotel or in this room, we shall convene at eight-thirty in order to go through some of these reports in a critical way. We will spend at least one hour over a sort of question-box, talking about the things that the organization ought to do.

As Mr. Bean is not here and as Mr. Hughes is going to read his paper, I do not believe he ought to read it to an audience that is just a little tired, and I suggest that he open tomorrow evening's meeting with the reading of Mr. Bean's paper.

Just one more word, if you will permit me. I listened very carefully to the debate upon the amendments, particularly the last amendment, and I felt strongly for the men who opposed it, as also strongly for the men who favored it.

Of course, I am but a yearly incumbent of this office, I am elected year by year. I believe in federalized democracy, and so

long as I am permitted to be your secretary, I will use every power that I possess to see that no local rights that should be purely local will ever be violated. (Applause)

Convention voted to hold a session on Wednesday evening, following out the secretary's suggestion. The afternoon session then adjourned.

Morning Session, Wednesday, June 20, 1917

Upon the convention coming to order at its morning session of Wednesday, June 20, Rabbi Harry H. Mayer of Congregation B'nai Jehudah pronounced the invocation.

PRESIDENT JOYCE—The first order of business is the report of the Committee on Amendment of Exemption Laws, H. T. Hill, Nashville, Tennessee, chairman. (Applause)

Mr. Hill then read the report as follows—

Report of Committee on Amendments to Exemption Laws

To the Officers and Directors of the National Association of Credit Men:

Your Committee on the Amendment of Exemption Laws is again unable to report any practical accomplishments for the year. In the sincere opinion of your committee, it seems not only strange but truly incomprehensible that an unnecessary and unfair institution should be so rooted and grounded within some of the states that desirable changes in exemption laws are seemingly unattainable. The idea is strong with some of the states where large exemptions are allowed especially with citizens not concerned with commerce and credits, that exemptions are a protection but as a matter of fact your committee does not hesitate to declare that the opportunities offered to honest and ambitious workers for the earning of a sufficient income and other advantages brought about through our highly developed social and political structure, render unnecessary exemption allowances as a protection to the weak. With this conclusion but one result can follow, that of encouraging dishonesty and affecting the credit standards of the state. During the year, efforts were made for the reforming of the exemption laws of Florida and Idaho but at the time of preparing this report nothing of a definite character had resulted from these projects and yet the committee hopes that something eventually will be accomplished. Our members in Georgia were also giving serious consideration to the exemption laws of that state with the hope of bringing about desirable and needed reforms.

In relation to this exemption system which appears to be an American system incident to our frontier development, your committee offers these conclusions:

First: That it is strictly unfair and in effect dishonest to allow

exemptions from real and personal property for which payment has not been made.

Second: That the liberal, or in fact loose manner in which exemption allowances are often times claimed and allowed, fosters an improper attitude on the part of debtors toward their obligations and not infrequently the payment of honest indebtedness is refused upon the ground that the debtor is within his rights in offering the state exemption as a defense to the creditor's demand.

Third: That the differences in exemption allowances, reaching in some states an almost incredible sum, is a direct injury to the credit system and a burden upon the natural and reasonable increase in our domestic commerce.



H. T. HILL

Gray & Dudley Hardware Co., Nashville, Tenn.
Chairman Committee on Exemption Laws

Conceding that unnecessarily large exemption allowances under present conditions encourage dishonesty and unfairness toward commercial and financial contracts, and that they lower the credit

standards of a state, all fair-minded citizens, whether or not they are concerned with commercial affairs, should be led gladly to support any movement looking toward a proper reformation of these laws and the bringing about of a uniformity that will materially assist our commerce and prosperity. Your committee feels not only keenly upon the subject but ventures to express the hope that the time is near at hand when the National Association of Credit Men will go at this problem with a diligence that has governed its attitude toward all unfair features in our commercial life, and that through an effective campaign of education and reasonable legislative efforts, needed reforms will be established and the problems now confronting credit grantors in the unnecessary and unduly large exemption allowances will be entirely removed.

Your committee has nothing to offer in the way of a definite program, yet believes that something of a drastic character should be brought into play, for throughout our domestic economy there is no greater or more crying need than to reform the exemption laws of some of the states. With these ideas and recommendations, your committee begs to offer the following resolutions:

I

"Resolved, By the National Association of Credit Men, that we deplore sincerely the difficulty of reforming the exemption laws which prevail in some of the states, laws which are no longer necessary in bringing about fairness and stable relationship between buyer and seller.

II

"Resolved, That the local association of credit men within the states where over liberal exemption conditions prevail, should be urged to give careful consideration to reforming the exemption laws; should arrange vigorous campaigns of education and endeavor to bring a large majority of the citizenship of such states to recognize that unnecessary and unfair exemption laws promote dishonesty, discourage commerce and unfavorably affect the credit standards of the state."

III

"Resolved, That the officers and directors of the National Association of Credit Men, are requested to devote when in annual meeting careful thought to the subject of exemptions and give to the committee on this subject, organized during the coming year, their best support and the benefit of their suggestions looking to the bringing about of changes which will result in greater uniformity and the elimination of glaring inequalities.

IV

"Resolved, That the Association conveys its appreciation for the efforts that were made during the year in Florida, Idaho and Georgia for the reforming of the exemption laws of those states

and for every expression of interest within the organization toward this important subject."

Respectfully submitted,

H. T. HILL, Chairman, Nashville;
 GREEN BENTON, Nashville;
 D. W. BINNS, Nashville;
 F. F. JOHNSON, Vice-Chairman, Boise;
 J. G. H. GRAVELEY, Boise;
 C. F. ADAMS, Boise;
 W. W. FEGAN, Vice-Chairman, Grand Forks;
 O. M. PIERCE, Minot;
 P. J. CAVANAUGH, Grand Forks;
 A. W. POLLARD, Vice-Chairman, Houston;
 FRED GANN, Houston;
 O. C. LANG, Houston;
 JACOB GAZAN, Vice-Chairman, Savannah;
 R. W. HOHENSTEIN, Savannah;
 F. G. DOYLE, Savannah.

MR. HILL—I move the adoption of the report. Seconded.

C. E. BURBRIDGE, Dallas—We are afflicted with the most infamous exemption law of any state in the Union. Commercial creditors are frequently robbed of their just rights in order that these exemptions may be protected. We have a law that is, I say, infamous, by reason of the fact that it has long since become obsolete, but it is commonly stated that a man would not get his own vote in Texas if he opposed it in any way.

The federal farm loan bank has had to operate in face of the homestead exemption law, and for that reason has not succeeded to any degree. It is even now suggested that the measure so far has been absolutely a failure. We hope ultimately, through our legislative committees, to have this situation bettered, and are working desperately hard to that end, but so far results have been discouraging. I will say for our association, however, that we are on the job night and day. The homestead exemption is the law that we are after with our knives. It is with shame that I say to you that the exemption situation in Texas is a travesty on justice. (Applause)

The motion was carried without further discussion.

PRESIDENT JOYCE—"No life can be pure in its purpose and strong in its strife, and all life not be purer and stronger thereby." One member of our Association has exemplified in the fullest measure the truth of these beautiful lines. You and I, my friends, and this great organization, far and wide, are indebted to this man much beyond his knowledge and far beyond even our own realization. We admire him, we honor him, and what is more, we love him.

It is an especial privilege to introduce to you this morning—not introduce, no, to present my friend and our friend, Harry G. Moore. He will talk to you on "The Ideal Credit Man." (All rise and applaud)

The Ideal Credit Man

ADDRESS BY HARRY G. MOORE, PEORIA, ILL.

Kansas City is home to me and I regret that I was not here when the convention came to this city, where I craved the opportunity to deliver to you folks the address of welcome, but duty has otherwise disposed of me; I want to tell you that I am glad to see you all out here, where the west begins, out here in old Missouri.

Mark Twain used to tell a little story about Missouri. He was down in Brother Tregoe's home town one day, and when he was introduced the speaker referred to him in sympathy as coming from Missouri and he said, "The other day a family here in New York was going to move out to Missouri, and on the night of the last day they were to be in New York, the little daughter of the family knelt to say her prayers and she was heard to say, "Goodby, God, we're going to move to Missouri tomorrow."

Mark Twain, with that witticism which made him famous the world over, when he came to his feet to talk, said that the gentleman was right, that that was what the little girl did say, "But," he says, "you failed to catch the inflection of the words, for what she said was, "Good! By God, we're going to move to Missouri tomorrow!" (Laughter)

And if I lived here, you know, I would not tell you about the packing houses, for you have heard that, but I would use the favorite expression of Governor Hadley, that you are in the land of the big red apple, the little red hen, and the much read Bible. (Applause)

And here we are out in this country of which Ingle said that that man who had never lived in the day and time when he could see the building and the founding of an empire had not lived to the fullest realization of life; and here in this, the greatest day that the nation has ever seen, in this, the gravest hour that this old world has ever had upon it, save one, we are gathered again in convention, and here in the family may we say a few words each to the other and inventory, as it were, ourselves and our future.

Several months ago, our secretary said to me, "I want you to make an address at the Kansas City convention and your subject will be, 'Thoughts from Commercial Life.'" Two or three months later, when I was in the city, he said, "You remember now that you are on the program at Kansas City, and your subject is to be 'The Religion of Business.'" A little later he said, "You are to talk on 'The Ideal Credit Man.'"

And I just want to say this morning, as I have said so many times before, a few words to the boys, a few words to the members of the family, and I want to ask some of you a few questions and let you go home and answer them by yourselves. When at a time such as this, every man should make his greatest effort, it seems right to me that we should look ourselves over and that we should gauge ourselves for intensity of service, devotion to duty, just as

essential in business and commercial life as in the army of the nation.

I was privileged the other day to attend a great meeting in the city of New York, where was gathered together the greatest number of men ever assembled of the steel industry. "Captains of Industry," the papers called them. Yes, but they were captains of finance as well, men engaged in the amassment of such gigantic profits as the world has never seen, but men gravely and keenly impressed with the importance of their industries and their relations to the needs of their country and their fellow men; and those men were pledging their efforts and their organizations to our country and the world in this, their great hour of need.

And organization was one of the watchwords of the day. Speaking of organization reminds me of a little story of a man who traveled out this way from the east some years ago and was privileged to sit by the side of the driver, while traveling on the old-fashioned stage coach. He noticed that every little while the driver would dexterously guide his team, his four horses, with his whip.

He said, "Driver, you seem to be pretty apt at caring for those horses by the use of your whip." "Yes," he said. "You see that leaf up there?" The man said, "Yes," and with a little snap of his whip the driver took the leaf off the tree. He said, "See that fly on the off horse?" He said, "Yes," and with another little snap of the whip he took the fly off.

The stranger noticed a hornet's nest on a tree nearby. He said to the driver, "Let me see you snip that off with your whip." The driver says, "Well, stranger, a leaf is a leaf and a fly is a fly, but a hornet's nest is an organization."

I think that some of our friends in this country have begun to think that the National Association of Credit Men is an organization, and those telegrams that came to you this morning, speaking of the service of this association, bear, to my mind, the dividends on the great effort which we have expended in the past.

Two things from that meeting in New York I brought home with me: One, the proposition that those men, seriously considering the questions they did, did not use scientific terms. They did not speak any language that you and I could not understand, but in simple words they talked and pleaded and planned for cooperation.

The other thing that sunk deepest into my mind was the expression of the man best qualified to say those words, that we were as little prepared for the business ahead as we were prepared for the war.

And the question that I will bring home to you here this morning is,—Are you, and you, and you, prepared for your share, or will you be prepared for your share of effort in the great day of our commercial future?

It has been many years since Bismarck said of this country that "It will reach its greatest zenith when its civilization reaches the western coast." From where you men are assembled this morning, to the westward on and on over mountain and plain, civilization has gone through this country until today it rests upon the

golden Pacific, and here you see a fully developed country, a country filled with the happiest, the noblest and the freest people that the Lord ever placed on this old earth, (Applause) and these people are, I believe, in the sunny morning of their day of promise.

Just a few of the propositions that face us, I want to ask you folks here this morning, but the first question that I want to ask of you, Mr. Credit Man, is are you happy in your work? Are you working because you must or because you enjoy it; and how will that work look to you later in your life?

I had a man say to me this week, "Would that I were twenty-five years younger, I would like to be in the swim." He is a man who has led a busy, busy life. He builded a colossal business. He is leaving a monument, a heritage to men of which anyone might be proud; but above all that, he has been a builder of men. He gathered around him a lot of boys and today the greatest happiness that comes to him is the realization of the accomplishments of his boys, as he loves to call them.

The other day in New York city, I heard Billy Sunday say that he never looked into the eyes of a man or a woman or a boy or a girl but that he thought that here was a casket that contained a precious gem, and the only thing necessary was to find the key to open the door.

Have you tried the experience of the joy of making a man out of a boy? That man did. He had the faculty of recognizing men who possessed the gem of ability. He studied character and gave it room to grow. He gave freely; he scattered courage amongst his men, and now with his three score years and ten, he knows that the race is swift, that the tide is strong, he can only look on, but happiness is his, that comes in the realization of a great service not only to his country, his city, but to his fellow men.

There will speak to you this morning one who will bring to you gems from the casket of riches such as the Almighty privileges few men to possess; a friend of mine. Last year, Pittsburgh gave to us upon our program the man who the Governor of Pennsylvania had said was Pittsburgh's greatest citizen, and this morning we shall hear from the man whom I designate as Philadelphia's grand old young man.

Years ago, he gave me courage, and if you owe anything to me, both you and I owe it to him. Service to his city, yes; service to the commercial world, yes; service to himself, yes, but above, greater and beyond all that, is the greatest service rendered, rendered so willingly, so often and so broadly, to his fellow men by Edward J. Cattell. (Applause)

Do you ever stop and inventory yourself? Do you ever cast up what you owe the world, not what the world owes you? How was the account? Were you overdrawn? Do you ever wonder as to the future?

Did you ever have your fortune told? I did once, and I never told the story before this morning. Once I was away down on the coast of Maine alone, and there was a gypsy fortune teller and I went around and had my fortune told. I told my wife what

she said about the number of times I was going to get married when I came back, but I did not tell her this part of the story; for that old gypsy woman said to me, "What do you do for a living?" and I told her I was a bookkeeper. She says "A bookkeeper, and with that head!" (And I had hair on it then.)



W. B. CROSS
F. A. Patrick & Co., Duluth, Minn.
Director

She said, "Why, you ought to be ashamed of yourself." I am saying this with all due respect to the bookkeepers, but she said, "You are worthy of something more and greater," and that old crooning woman, judge of human nature as she was, inspired

me and I came back home full of new enthusiasm, and I got the worth of my dollar.

Oftentimes we are asked, "Why don't you do it now?" and that reminds me of a little story I heard the other day of one of our Jewish friends who was in the clothing business. Isaac came in to visit him and he says, "Isaac, how is business?" Isaac replied, "Rotten." He then asked, "How much stock you got?" "Fifteen thousand." "How much insurance?" "Twenty-five thousand." The friend then queried, "Well, Isaac, why don't you?" (Laughter)

And Isaac took his friend and he led him up to the front door. He said, "Do you see that new engine house No. 10 across the street?" "Yes." "Up over me is the Y. M. C. A., with a 60,000-gallon tank. Now why don't I?"

I think the secretary was going to tell you that story. I am sorry. I believe it is his, come to think about it.

But you know, the question I ask myself nowadays, and the question I ask you in turn is, why wait and wish for it later?

A friend of mine in Peoria the other day walked down the street with one of these well-preserved old men who had reached his eighty-fourth year, and he put his arm around the old man and he said, "If you had just one wish to make, what would it be?" The old man said, "If I could have just one wish and have it come true, it would be to wish that I could be seventy again, that I might see what these next fourteen years are going to bring forth." Seventy again!

Remember, young man, that the most successful man is he who plans twenty years ahead. Do you esteem the opportunity of tomorrow and the work of today in its fullness, above the accomplishments of yesterday? Are you big enough to help the unfortunate, big enough to risk to save a life or a commercial soul, broad enough to encourage and rescue the sinking, failing, despairing, depressed and despondent business man who is almost down and out?

In this city twenty-five years ago, I remember a man who came here out of a job, without a dollar, and I saw a man turn over to him a business without a financial statement, for it was in those days when we knew the customer, when character and capacity counted for much; and that man made a fortune many, many times. He was taken at the time when fortune had polished him, when he had come to the morning of his day of opportunity.

One of the regrettable things about this present-day commercial life, this gigantic business-getting and carrying we have nowadays, is that so few times we come in touch with the customer personally.

I noticed yesterday, in looking over the membership register, that there are a lot of young men here and a lot of men who are here for the first time, and I wondered what those men are going to take home with them from this convention. Are you going home with a larger realization of the possibility of your opportunity, with a keener conception of the dignity of your position, with a broader outlook? Are you going home with a happier anticipation of your

increased effort for your employer, with a nobler regard as to your duty to yourself and others, with a resolve to do it now?

If you are, then you are going to get some real good, some benefit from this association.

And don't get to be a grouch. The other day I went into an office and I asked the fellow a question, and I asked it decently enough, and he said, "Naw." I asked him another question and he said, "Yes." I asked him another question and he said, "Naw." He had a ten-dollar order on his desk and he was puzzling over it, and I didn't ask him any more questions; I went out.

You may have met that man. He wants the bankruptcy bill repealed. He wants to grab it all just as he used to. He won't join the interchange bureau. He doesn't believe in letting the other fellow know anything about his business. "Run my business myself," is his motto.

Just a few days after that I was talking to his employer and he said, "You know we have some fellows around our office that are very much out of date," and the way that he referred to that man was just as he would refer to a discarded old dusty desk that sat off in the corner, that was not essential to the business and had no worth to the organization.

Remember that it is the voice with the smile that wins nowadays; and don't take your ideal, Mr. Credit Man, from the man who sees no further than the vision of his eyes, who feels no further than he can reach, who believes only that which he can see, who trusts only that which he can hear.

You have seen him, narrow and bigoted, quarrelsome, unwilling to discuss that to which he is entitled, hesitant about the allowance of a just claim, anxious to hold a few pennies that do not belong to him; a fellow with a cinch on the job, married to it, or related to it. That credit man, in his little contracted way, in his dealings with his fellow man, is the man who has brought upon some credit men the name of pessimist, and thank God, we haven't many of them in this organization. (Applause)

Someone said that there was no such thing any more as sentiment in business. Don't believe that statement. Turn it down. It is the man with joy in his heart, with laughter in his soul and a song on his lip, who helps us all and gets the most out of this life. Sentiment in business? Why, it is the flavor that makes success possible, the safety valve of effort, the joy that makes it all worth while.

And you older men, what are you doing for the younger men? The other morning as I came into the city there sat by my side a boy from the country. He had a paper suitcase and he had about as much down on his upper lip as I had forty years ago. He had a patch on the knee of his trousers, but I don't believe that he had a blotch on his heart or his soul. He had a letter of recommendation that I glanced at over his shoulder, written with a lead pencil, from the merchant in the country to the big man in the city. Coming to this city to make good, coming to begin life among great temptations as well as great possibilities; calloused were his hands, but open and free his mind, coming from that greatest of schools

and teachers,—Nature. Do you know, I just breathed a little prayer that that boy might find a good woman and a great man to guide him, as I did when I came to this city as a boy.

Are you a man who can participate in the world's greatest era? Can you do your part in the gigantic tomorrow? Are you equipped for all service? Are you prepared for the conflict when the call is for men of intellect, poise, nerve, energy, determination, discretion and action? Are you prepared to do a man's big work in this time and age?

Have you never gone beyond the now into the morrow of your opportunity, into that day which you alone can produce, busy though you may be and should be with today, yet greatly beyond with the perplexities of the future? Have you never flooded your thoughts with ideals and anticipations? Do you never dream dreams and try to realize them? Are you getting the most out of life? Is your service the most intense that you can make it?

Remember that it is not the length of life, but it is the intensity of service that counts, and now in these great times I want to know whether you are shrinking up or whether you are expanding. How necessary to the world are you making yourself at this time?

I heard a great man the other day say to another one, "I wish I could speak as you do," and the other equally great man said, "I wish I could think as you do"; and so each man in his way, each man in his own fashion, was doing his bit.

How vital are you to this commercial life? How essential are you in this unceasing, unreserved development and future? What part have you in this pulsating, throbbing enlarging that speaks for better and bigger things?

And what shall I do? is the question you ask, and to you, Mr. Credit Man, I say, let the awakening of this new day find you ready and willing and prepared. Husband to yourself that which the Almighty privileges you to gather to your glory. Be an inspirer of youth; be an encourager of ambition. Be a servant of your fellow men; be a kind employer, generous and willing to help others; be a most faithful employee. Give more to others than you receive, for then you shall be happy. Open your arms wide and gather results of useful life; render all that you should in this glorious day; and then, in my opinion, you shall be the ideal credit man. (Applause)

PRESIDENT JOYCE—We will now proceed with the next order of business, which is the report of a committee that is important to this association, the Banking and Currency Committee, E. R. Ailes of Detroit, chairman. (Applause)

Mr. Ailes read the report as follows:

Report of Committee on Banking and Currency

To the Officers and Members of the National Association of Credit Men:

The activities of your Banking and Currency Committee have been of a three-fold character:

1. An observation of Federal Reserve Act in practice and its application by regulations of the Federal Reserve Board and through the Federal Reserve Banks.

2. The promotion of the Trade Acceptance as a form of credit instrument superior to the open account in its



E. R. AILES

Detroit Steel Products Co., Detroit, Mich.
Chairman, Committee on Banking and Currency

adaptability to emergencies and better adapted to the needs of business.

3. The defense of the natural and reasonable powers of the Federal Reserve Board as originally contemplated for the regulation of the clearance of checks.

The unusual world conditions of the past twelve months are

beyond our best powers to comprehend in their broad significance. They involve the straining of the financial powers of the nations involved in the struggle. What the Federal Reserve Banks have been able to accomplish for the defense of our economies and financial requirements should be recognized with a deep sense of gratitude.

Though variances of opinion may have been felt toward the Act in the process of its formation and during the early period of its operation, yet recognition should now generally be given to its adaptation to business needs and its protective powers. Notwithstanding the absorption of an immense amount of securities, besides loans of foreign nations and the financing of an enormously enlarged commerce and other demands of an extraordinary period, the reserve system has thus far been equal to every emergency. Funds for legitimate purposes have been available and notwithstanding the increase of loans and demands, interest rates have not appreciably advanced.

March 5, 1917, which is the date of the last report from the national banks, the state banks and trust companies embraced within the system, it is interesting to note that there were 7,581 national banks, members of the Federal Reserve System with resources of nearly \$16,000,000,000, giving an increase of \$1,800,000,000 since May 1, 1916. The discounts were \$8,700,000,000, an increase of over \$1,000,000,000 since May 1, 1916, and the reserves held by these banks were one-third in excess of the reserves required by law.

At the time of this report there were but forty state banks, savings banks and trust companies within the Federal Reserve System. This, in the opinion of your committee, is a very small number and does not indicate the response which ought to be made by such institutions to a system that has demonstrated its powers for the defense of the nation's credit. The prevalence in our country of various forms of banking institutions, especially of banks of deposit for commercial purposes, is regrettable in the opinion of your committee, and while the situation is difficult to rectify under our national autonomy, yet something approaching uniformity should be brought about and this can best be assured through all commercial banks being brought into membership in the Federal Reserve System.

Conceding our inability to foresee what war conditions may entail upon the nation and how its resources may be drained by the flotation of large public loans, it would seem to be the part of prudence as well as of patriotism for all banks of deposit which may legally be permitted to do so, to become members of the Federal Reserve System. It is beyond dispute that the Federal Reserve Board has exercised its powers independent of any political control or bias with an eye single to the necessities of the nation and the protection of its vast credit powers. The Federal Reserve Banks also have been conducted in a manner that should inspire public confidence and it is a great pleasure for your committee to speak this word of appreciation of a body of men upon whom rests tremendous powers and who apparently have nothing in view but the nation's welfare.

Much interest has been aroused during the year in the Trade Acceptance. As in all big questions involving economic and commercial practice there have been variances of view. Acting upon the approval, so unreservedly registered by the officers and directors of the National Association of Credit Men at their last annual meeting in favor of the Trade Acceptance system, your committee in conjunction with the National office has been promoting a wide study of the subject and urging credit departments to experiment with the Trade Acceptance. There has been gratifying response, yet of course only a small fraction of our credit grantors are using Trade Acceptances. It is pleasant, however, to hear from some of them that this instrument is fulfilling expectations and has been found far superior to the open account. When the credit of the nation is under strain, obligations for merchandise should be in liquid form and here right now is the strong point for the trade acceptance system. The rigid open account is not available in time of stress or pinch except to be used as a pledge at high rates of interest, but the trade acceptance is a self-liquidating credit instrument, making a secondary reserve for the credit grantor and available for rediscount at a little lower rate of interest than that allowed for single-name paper.

A conference on the subject of the acceptance was arranged by the National office in New York City. It proved most interesting and greatly increased appreciation of the system. Growing out of that conference, there has been organized in the National office a bureau of information on Trade Acceptances and a vast number of inquiries have been and will be answered. In the opinion of your committee the Trade Acceptance should have the sincere and thorough endorsement of this convention.

Discussions have been keen on the subject of the regulations established by the Federal Reserve Board for a system of check clearances at exact cost. Many of our banks have objected thereto, declaring that this regulation is imposing costs upon them that they should not bear. From the viewpoint of your committee in its desire to be fair and impartial, it seemed that to regulate the clearance of checks is a reasonable and natural power of the Federal Reserve Board and should not be interfered with. Furthermore that it is important economy to work toward a par system of collections which ought to be possible without imposing avoidable burdens on banks that are members of the Federal Reserve System.

The department of the National Association covered by this committee is replete with great interest and should receive more study than is now given it by the merchandise credit man. It is the hope of your committee that greater recognition may be given to banking and currency matters by the entire membership of the organization and that there may be brought about a stronger unity of purpose and a more thorough coordination of effort between the banker and the business man. Recognition should be given to the consistent labors of Hon. Carter Glass, chairman of the House Banking and Currency Committee, and Senator Robert L. Owen, chairman of the Senate Banking and Currency Committee, for their appreciation of what the Federal Reserve System needs for

the completion of its reasonable powers.

In conclusion your committee begs to offer the following resolutions:

I.

"Resolved, By the National Association of Credit Men in convention assembled, that it reaffirm its confidence in the principles of the Federal Reserve Act for the defense of the nation's credit and its appreciation of the adaptation of the Reserve System to the nation's needs in serious emergencies."

II.

"Resolved, That the appreciation of the National Association of Credit Men be expressed for the fair, intelligent and patriotic manner in which the members of the Federal Reserve Board have surrounded the Federal Reserve System with proper and adequate regulations, and for the consistent and able manner in which the Federal Reserve Banks have performed their functions, guided as they have been by officers who highly regard their important position and powers to render public service."

III.

"Resolved, That the Association approves most heartily and completely the Trade Acceptance, as an instrument more adaptable through its liquid character than the open account to protect and serve in emergencies, and offering a means of eliminating many of the evils which have arisen through the rigidity and lack of adaptability of the open account system."

IV.

"Resolved, By the National Association of Credit Men in convention assembled, that it deplores any interference with the reasonable and natural powers of the Federal Reserve Board to regulate the clearance of checks and believes that working out gradually proper regulations toward a par collection system will bring about credit economies and in the final results will not prove a burden to banks comprised within the system."

Respectfully submitted,

E. R. AILES, Chairman, Detroit;
O. A. MONTGOMERY, Detroit;
E. L. CHITTENDEN, Detroit;
HARRY B. WILCOX, Vice-Chairman, Baltimore;
W. K. BARTLETT, Baltimore;
PHILIP HAMBURGER, Baltimore;
C. W. DUPUIS, Vice-Chairman, Cincinnati;
KENNETH R. HOOKER, Cincinnati;
PERCY KLINE, Cincinnati;
EDWIN HOBBY, Vice-Chairman, Dallas;
FRANK H. KIDD, Dallas;
STEWART D. BECKLEY, Dallas;
GRAY WARREN, Vice-Chairman, Minneapolis;

G. L. LANG, Minneapolis;
E. E. BLAKELEY, Minneapolis;
T. J. KAVANAUGH, Vice-Chairman, St. Louis;
A. W. THIAS, St. Louis;
W. J. BURTON, St. Louis.

Mr. Ailes then moved the adoption of the report, his motion being seconded.

J. P. HOLLIDAY, Minneapolis—We endorse emphatically the acceptance or the use of these acceptances as far as possible. In some lines of business they are not practical. I have for two years been using the bill of acceptance with most gratifying results.

I am supplying plumbing and heating men, small contractors, and the theory that I have carried out is that we are selling to men of little or no responsibility. I have a sample of the trade acceptance which I have put before the credit men of our association, and it carries with it not only the acceptance of the contractor or dealer, what we call the merchant plumber, but it has provided for the endorsement of his customer, on both sides, carrying the fulfillment of the obligation within the time specified.

It is more liquid than the customer's own promise or note, and during the past year I sold many thousands of dollars' worth of business to a man on whom I had stopped credit because I could not handle his business on open account. He has paid all of his acceptances. He still owes me on the old account, eighteen months old.

I would like to ask if some one in this assembly would tell us how a man could use a bill of acceptance on a small account, running account, which he would like to settle twice a month, once a month, in an interest-bearing form, for his own benefit.

F. T. RANSOM, Wichita—I would like to suggest that we postpone the discussion of trade acceptances until after the next address. I think it is a courtesy due to Dr. Holdsworth that he give his side of it before the matter is thrashed out on the floor.

PRESIDENT JOYCE—We will confine our present discussion to the banking and currency resolutions. Those in favor of the adoption of these resolutions signify their assent by saying "Aye," contrary, "No." The resolutions are adopted.

When we know of a university professor keeping in close touch with business life, we rejoice to think of the effect upon the youth of our country. Too often the college world and the business world revolve in separate orbits, the former in a purely theoretical atmosphere and the latter in a hard, practical one.

It is an especial pleasure today to welcome as our guest a dean of a great university who has been interested to keep in close touch with our world of hard knocks and who not only prepares young men to enter life with high ideals, but who also instructs them along most practical commercial lines. Such a great educator I have the honor of presenting to you in the person of Dr. J. T. Holdsworth, Dean of the Department of Commerce of the University of Pittsburgh. (Applause)

Acceptance—The Business Man's Duty and Opportunity

ADDRESS BY DR. J. T. HOLDSWORTH, UNIVERSITY OF PITTSBURGH

I have just a little timidity this morning in coming before this splendid audience after that very flattering introduction, knowing that I am sandwiched in between one of the great leaders in the credit world and one of the great inspirational orators of this country, and because I am to talk to you about a practical, perhaps prosaic question and one about which, perhaps, there may be some difference of opinion.

Before I introduce the technical part of my address, I want permission to say a few words as a sort of introduction, perhaps, upon a question or theme which has already been sounded in this convention and which is persistently cropping up here and there throughout the land in all kinds of meetings—the slogan, "Business as usual."

But, I want to say to you with all the seriousness of which I am capable, so that your thought may be focused persistently and reasonably and reasoningly upon it, that that slogan, however well meant, is at this moment highly misleading and is full of folly. The man or the organization who or which seriously and literally proposes a slogan for American business today, "Business as usual," is misleading himself and his associates, for there is just one thing in America today that is going to command your absolute fidelity, your last drop of energy, your last drop of blood, and that is the war business. (Applause)

A man who uses that slogan evidently has not caught yet the spirit sounded in the President's heroic call, twice, thrice, already; nor does he seem to realize, apparently, that we have just begun to make a beginning in the most awful tragedy, in the most awful sacrifice that this country has ever been asked to make or will in its history ever be asked to make.

This country is at war, a war that is going to be frightful in its intensity and in its sacrifices, and a war which, by the god of battles, we are going to carry to a finish, no matter what it calls for. (Applause) That means that every other interest must be side-tracked where it is clearly understood that the needs of war stand first; and so I say it is folly for this country, for any business organization, to say "Business as usual."

Business has to take courage, business has to go on, but business can not, business should not, go on as usual. Already ten millions of our young men have gone to the polls, to the polls where you and I sent our representatives, who for us finally, through our mouthpiece the President, declared that we should go to war. These men have gone to the same polls and said, "When you need me, America, I am ready to go." (Applause)

And you can not take ten millions of men, you can not take a third of that number, you can not take two millions of men out of the ordinary avenues and channels of business without having a very serious business disturbance, and we are going to need, if this

frightful tragedy goes on, as it probably is going on—for two or three years, we are going to need two or three or four millions of these men.

Already the government has made a selective draft of seven billions of dollars upon the capital of this country, of which two billions of dollars were put over pretty much out of your pockets and mine and of our employes, where for the first time in the history of this country, we began to save out of future earnings for a real, a vital, a patriotic purpose, and it is one of the finest lessons that is going to come to this country.

All over this land, in the same way, sacrifices are being made, dollars are being taken from channels which otherwise would have been filled with business activities, to support the Red Cross, so that our boys, when they need help after they have come from the battlefield, are going to be sure they have absolutely the best that America can provide for them.

But you can not take seven billions of dollars out of the ordinary business channels of this country without making a very serious disturbance in the normal operations of capital and credit.

And so I might go on multiplying the illustrations of why labor and capital, the two great running mates in this chariot race, must readjust themselves to conditions which I am sure, when the business interests of this country understand and are gripped with the real issue, are going to be adjusted, no matter what the sacrifice.

So, in view of our own immediate circumstances, in view of the history of the past three years in Europe we must recognize a war situation which makes business necessarily unusual. Now, if you please, that does not mean that business is going to be any worse. I rather think, with other experts who have addressed you from this platform in the course of the convention, that business is going to be better than usual in the sense that business is going to be more active than usual.

But the thing that we want fundamentally is a slogan that gets right under our skins and is not simply a trifling mouth statement and gets to our hearts, is "Sounder business than usual while this war is going on," and that is the message I have for you this morning.

We must begin to set our house in order. We are going to have a tremendous expenditure of money in this country, but it is going to be directed by a central authority. A great deal of capital is going to be diverted into new channels. Much labor will have to be mobilized if the war goes on for two or three years. With the withdrawal of millions of men from the ordinary competitive choice and channel of daily business operations, it may well happen that we shall have to have what perhaps in times of peace long since we should have had, a central employment bureau, where there shall not be a thousand men seeking work in one part of the country and a thousand employers looking for men in some other part of the country.

We shall have to begin to mobilize our labor in order that we shall have enough to go around, but with the increased ex-

penditure—I mean literally, the increased expenditure of money in this country on government account, and remember that the proceeds of all of these seven billions, yes, and some more seven billions that are going to come afterwards if this war goes on, as military experts say it must go on for one, two or three years—there shall be an enormous increase in the expenditure of money here at home, every last cent of it spent here in America, and it is going to mean a very considerable quickening, from the capital standpoint, of our business activities.

As a consequence of that, there must come necessarily a dislocation of business in spots, though business, I think, is going to be more prosperous, more active; yes, I think more prosperous, too, than ever during the period of the war and after the war, if we make the proper plans for it; yet there is unavoidably going to come a certain kind of dislocation.

Extravagances will have to be cut off. That does not mean, of course, hysterical economy, but it does mean economy; it means the curtailment of waste. Heaven knows this country needs to be taught the lesson somehow. It means the readjustment of business operations. It means better business methods. It means better accounting methods so that you shall actually know, and your customer, the little fellow on the cross-roads even, shall know what are profits and what are losses, what actually is the cost of carrying on the business.

It is going to mean that there shall be the most rigid kind of inspection and survey of existing business methods; aye, of getting the most out of your business. If you can answer "Yes," then what for? Is it for yourself? A perfectly worthy motive, but I tell you that there is a call laid upon you this day, the most imperative call that in our generation has ever come to us, that our business shall be made sounder, that our business shall be prosperous, that we shall get as much out of trade and industry as it is possible for efficiency and economy to bring out of it, not for ourselves now but because it is going to aid this country to achieve a victory earlier and with less sacrifice than by the old methods. (Applause)

And, men of the convention, I can conceive of no more adequate means at this hour for gaining that kind of efficiency and economy, that kind of soundness in credit and in business, than by the substitution of the trade acceptance widely, generally, in our business, for the open book account.

It might seem, sir, that in a convention of this sort, made up of credit men and women for I have been delighted to find in going about the country this past year, how many women are getting into the credit offices of this country they are going to come into business more and more largely every year; they have the capacity, they have the kind of thing which so touchingly, so eloquently was extolled this morning by Mr. Moore—they have the sympathy which so often is lacking among mere men, the thought of the other fellow—How can I do some good?

And so I say you have all heard somewhere, somehow, about the trade acceptance, and yet your officers have thought that in

this great convention it was worth while having a paper upon the subject of trade acceptances, indicating apparently that there was still need for education on this subject; and so even those of you



J. G. DAVIS
Greiner-Kelly Drug Co., Dallas, Texas
Director

who have gone all 'through the alphabet of this subject will have to listen this morning to a brief summary of the situation as the speaker sees it, and I am convinced that even among men of your calibre and of your interest, it is necessary continually to press home upon you the necessity, the wisdom, the gain, in the adoption of this modern time, energy and money-saving device instead of the old wasteful open book account.

And, if you please, the indictment lying against the open book account gains double force in these times of war stress, for we are coming into times of open stress. The open book account is fundamentally wrong in principle, to start with. It was always wrong, even in the days when it had its infancy, its beginning, and it grows more wrong with every succeeding year that passes.

It is wrong in principle in that it places the financial burden of carrying the buyer of goods here and there in all kinds of lines, in all parts of the country, upon the seller, who is not a banker, who is a merchandiser. It places the burden upon the merchandiser instead of upon the banker, where it actually belongs. The business of the bank of this country, the commercial bank, is to supply and keep liquid the financial credits of the country, and we have interposed a middle man in the person of the seller, the jobber and the manufacturer, between that agency which, economically speaking, is responsible for the flotation of financial credits, and we are paying too high a price for the services rendered by that middle man, as we are in many other lines in this country, (applause) and if you place the financing of merchandising where that function properly belongs, namely, upon the banker, you are going to make it possible for this country to have lower interest rates than ordinarily prevail.

I suppose that neither the banker nor the business man wants very much lower interest rates than have been prevailing lately, but we have had abnormal financial conditions, as you know, and still have them, and with lower interest rates surely will come lower or better prices to the retailer and finally to the great body of the consuming public, a group that you and I, as business men, can not afford to lose sight of.

The open book account is rife with abuses and unfair practices. Let me summarize a few of those without attempting any discussion of them. The open book account, in the first place, breeds unfairness. You will find every one of these counts in your own experience in this last year, those of you who are handling open book accounts—it breeds unfairness, discrimination, overbuying, one of the worst of all the evils of retail merchandising. It allows the weak or injudicious buyer to use the seller as an involuntary banker after he reaches his legitimate borrowing limit.

The open book account is prolific of slow collections, the outlay of money and time and energy on slow collections; extensions, cancellations of orders and the return of goods, the abuses of the terms of sale, the assignment of accounts, bad debts and losses, lax business, lawsuits, objections, set-offs and counter-claims, that all of you have been worried with or about sometime or other.

The necessary, the absolutely essential, contributions that business in all forms and in all sections is going to have to make in the course of this war, are going to be heavy enough, heaven knows. Why should we burden business with unnecessarily heavy weights and encumbrances by sticking to a worn-out, a fake, expensive, obstructionist and highly uneconomic business method when a matter of education only stands between good and bad?

The advantages of the acceptance have been so often told. Every man, if he does not already have the alphabet, indeed, if he can not talk the whole language of the trade acceptance, can get the text that will help him through with it if he will apply to the national bureau created for that purpose in New York, under our secretary; but will you bear with me while I run through those in order that I may reach my particular point this morning? The advantages to the seller of goods have been told so often, in so many places, that they, too, can be summarized in the briefest kind of way.

The fundamental thing is that it gives to the seller of the goods a perfectly fluid negotiable instrument which he can liquidate at any time, if necessary, at the bank, usually at preferential interest rates, so that his business, his capital, can either be curtailed in the amount absolutely necessary to be employed in his business, or he is sure that he can keep that capital, essential in his business, in the most fluid condition possible.

And there is no more loyal or patriotic service for retailer, for wholesaler or for banker in this country during the next few months and years, than this one, to keep business fluid. In proportion as business is kept fluid, business is going to be able to respond to the unquestionably, undeniably heavy burdens that business is going to be compelled to carry in the form of a reduction of available capital for certain purposes and a reduction of labor for certain purposes and in certain directions, and in the form of taxation which you and I are going to be called upon to bear in heavier and heavier loads.

There is no use quarreling with the war revenue bill. Surely the government was wise when it said, "We shall make a selective draft for men, we shall make a selective draft for borrowing from our people, but we shall have to make a forced draft upon everybody, upon every organization, under certain fixed conditions, in order that we shall be able to pay the interest on this national debt which is going to mount higher and higher, and slowly to amortize that debt so that it shall not be passed on to posterity and to posterity, which has nothing whatever to do with the making of this war.

It is your duty and mine to carry our end of the burden and to carry it now. We are not going to put off (applause) for a hundred years, for a thousand years, as England must, as France must, as Germany must put off the discharge of this obligation which we are now assuming. We are going to take it up, gentlemen, and discharge it at the earliest possible date, and that means taxation.

Business has come forward in fine fashion as a consequence. Already you have got your railroads coming to the government and saying, "If we are needed, we shall sink all our competitive differences and go forward under unit operation." What for? In order that the very best possible transportation service in this country shall be given to the country and not to the stockholders, in the first instance.

And you have got business groups saying, "Here is my plant.

It is yours, Mr. Government, whatever you want to do with it," and business is going to come out of this terrific contest purified as by fire, and there is going to be, as a consequence, all over this country a new dignity in business when this war is over, a new recognition on the part of the government, a new recognition on the part of people everywhere who have been flagellating business in the days gone by. It is going to teach the little fellow back in the corner who is trying to make something by publishing in some kind of paper that is willing to let itself get down to that level, diatribes against business simply in order to raise a joke or in order that business may be harassed,—out of it is going to come the recognition that business is the biggest, the most powerful, the most essential economic agency in this country that has ever been known, and that business, standing by the government as our boys have stood by our government when the call came is after this going to be given its proper place in the mechanism and in the esteem of this country. (Applause)

The banker is tremendously interested in this trade acceptance proposition, as the report of the committee just read clearly indicates. The banker is, in a real sense, the manufacturer of credit in this country, and he is the custodian of credit finally, because all credit must eventually rest upon gold and the banks of this country must be the custodians of our reserves.

What this report has said I am sure you are going to be interested in discussing here or at home among your own associations, but I make the point that in proportion as the bank is given opportunity to pass upon trade and bank acceptances instead of upon financial statements, with accounts receivable constituting so large an item; in proportion as it is going to be able to get high-class, double-name, liquid, negotiable, rediscountable paper in its portfolios instead of single-name paper which may represent a business transaction or which may not, which may represent some sort of a speculative enterprise, which may represent permanent, fixed time and capital investment; in proportion as this more fluid trade acceptance instrument gets into the portfolios of the banks instead of single-name paper or even double-name paper supported primarily by accounts receivable—in that proportion directly are the banks of this country going to be able to discharge the full measure of their function in conserving and stabilizing and keeping liquid the financial resources of this country, a thing that is just as imperative as it is to keep our manufacturing resources, our agricultural resources and our man-power highly liquid and highly mobilized.

In passing I want to make a point about bank acceptances. I am not going to attempt in the short time at my disposal to go into a discussion of the practice of using acceptances elsewhere, except to say that it is the universal instrument abroad. Every country in Europe uses the bank acceptance to the exclusion, for example, of single-name paper or even, if you like, the trade acceptance. It is the highest refinement of commercial and banking credit to which any country has yet reached, and in proportion as our banks expand, for themselves and for their communities, the

use of the bank acceptance, in that proportion are we going to be able to give to the banks the opportunity of creating what is absolutely essential in this country if we shall measure up to our full level, our full height of financial capacity, the open discount market; for the bank acceptance, which is essentially a draft drawn by a customer, let us say, upon his bank under some agreement between the bank and the customer, for a commission usually, as is the practice abroad, which the bank substantially guarantees by accepting the drafts drawn by that customer upon the bank, making, when the bank accepts it or endorses it, if you like—making it absolutely the best kind of paper that anybody can have in his possession so far as negotiability is concerned; and that is the kind of thing which by the billions of dollars, literally, in Europe is constantly floating backward and forward through the open discount market.

That is the kind of thing very largely that has made London the financial capital of the world, and New York, with all its aspirations to be an open discount market, can never hope to achieve that desirability until all over this country there is growingly every year more and more resort to the bank acceptance.

During this war we are almost certain to see a suspension of the growth of the bank acceptance, just as you are going to see everywhere, unquestionably, Mr. Banker, you are going to see the government issue come in necessarily here and there to take the place of commercial paper. Some government issues or transactions based upon government issues, are unquestionably going to be brought more and more to take the place of single-name paper, of double-name paper and of every other kind of commercial paper, but the ground we have already gained, credit men of the bankers' group, the ground we have already gained is very considerable in the use of the bank acceptance and it must be held and consolidated.

We must not permit this war to give us a back step just because there is nobody to keep pushing forward the bank acceptance. Ring it out everywhere among your neighbors, among your friends, among your clients, for the bank acceptance is just as significant a thing in Dallas, Texas, or in Portland, Oregon, as it is in New York; and we are going to become strong financially in this country, we are going to have our financial resources liquid in proportion as we keep steadily forward the bank as well as the trade acceptance.

Now, I have one group still to discuss, if you please—the retailer. The retailer is beginning to ask questions like these: "Yes, sir; I know, I have heard about this trade acceptance. A fine thing for the jobber, is it not? It is a bully idea for the banker, is it not? But where in the blazes do I come in?" I have heard it put in just about that fashion, and men, we have got to show the retailer where he comes in.

I believe that we have come to the place in the campaign for trade acceptance where the retailer now has to be shown. For the most part, the retailer is satisfied to drift along, take things as they come—"This is good enough for me." He has no idea, in a

great many cases, whether it is good or bad. He has no idea whether he is making money or not. He is living some kind of an existence, but he doesn't really know whether he is living financially or not, and it is up to good credit men to see that good credit methods, good accounting methods, are put in so that he does know it, and it is up to the credit men to convince him that the trade acceptance is the right thing for him.

Why? Unquestionably the banker is going to gain. Unquestionably the seller is going to gain. Unquestionably, if the trade acceptance is going to have real progress in this country, the retailer has to share those gains and he has got to be shown where he comes in, and it is up to the men who are making advances in better business, in better credit methods in this country, to show him where.

It is not simply apathy. "General" apathy, by the way, is one of the hardest old fighters that you know about, but you have got to keep on fighting "General" apathy with repeated onslaughts until he is driven out, until there is no argument left. That means that we have got to keep on answering even the foolish, minor objections of the retailer to the adoption of the trade acceptance.

He will tell you, for example—and I suspect if there is room for a discussion, as the gentleman suggested, that all these minor objections are going to come out, many that I shall not have time even to enumerate—for example, he says that it is a promissory note and he does not want to give a promissory note, and you have got to keep on pounding the fact that a trade acceptance is not a promissory note and it must not be used in the form of a promissory note if it is going to live and grow.

It must also be struck again and again and again that the retailer or the buyer generally, in giving an acceptance, is not thereby decreasing his credit standing but is actually improving it. He is showing to the banker who may finally get the paper and to the jobber with whom he deals, that he is buying things that he believes in thirty, sixty or ninety days, whatever the term of the acceptance, he is going to be able to pay for, and you are not going to have the kind of thing that the member spoke of yesterday as occurring in Colorado.

The retailer must be shown that he is increasing his credit, not decreasing it when he gives a trade acceptance, and that is going to take some persuasion. You hear it on every hand, "No, I have never given a promissory note in my life for a bill." He must be shown that the trade acceptance is simply the acknowledgment of an obligation which just as surely and no more exactly rests upon him to discharge as in the case of his open book account; and he must be persuaded also by the seller that the seller is going to get certain advantages, that the federal reserve law makes it possible now for the seller to turn his accounts, if they are in the form of trade acceptances, into cash through discounting at the bank at favorable interest rates or discount rates, because that bank can rediscount those notes at the federal reserve bank; and that consequently the seller is going to be able to give to the buyer some concession in the way of better terms, longer terms, if you like, or better prices—whatever it may be.

And incidentally, in connection with that, there is that banker out in the country—you know whom I mean—who says that he is not going to ask any bank to rediscount his paper. Perhaps some of you who come from the larger cities will be amazed to learn, in talking with representatives from some of the smaller cities, how many country bankers there are yet, some of them living in the country and some of them living in the city, who are still resting under the benighted prejudice that somehow or other, it violates good banking ethics to rediscount paper. Men, you have got to teach the country banker, whether in the country or in the city, that rediscounting is not a favor, it is a right. (Applause) The banker who is not rediscounting some of his paper in normal times, even, is a banker who pretty surely is glued to his seat and has not found out yet that there is a federal reserve system and that better banking methods have been introduced and made possible in this country.

You can anticipate the difficulty about small sales. "Why," you say, "I have only twenty-five dollars a month. This man buys only fifty dollars' worth, a hundred dollars' worth." You can anticipate the trouble about freight charges being readjusted, about deficiency in merchandise or what not. Do it exactly under the trade acceptance as you do now under the open book account.

How about the many sales in the course of the month that somebody asked about, once or twice or three times a month? Some of you are selling small accounts once a week, twice a week, and you say, "What can I do with a trade acceptance under those conditions?" Bunch them together and get your trade acceptance once a month, twice a month, for the total amount of the bill up to that time; and here comes in the fundamental fact to the banker.

The retailer has the situation in his hands and he is opposed to it sometimes. Witness the Ohio Retailers' Association, of what group just for the moment I do not have in mind—within the last month or six weeks it came out openly against the trade acceptance and brought forward a series of arguments against it, which means substantially this: It means that the retailer, when he puts his proposition together, is averse, when not openly opposed, to changing over to a condition in which, for the first time in the history of this country, the retailer is going to be asked to stand on his own feet where he ought to stand. (Applause)

There is no bigger service for the retail associations of this country to do than to get out a propaganda, a campaign in favor of the trade acceptance that will teach the little fellow the advantages of the trade acceptance as a patriotic proposition as well as one of self-interest, and it has got to come, in the last analysis, to the self-interest of the retailer.

And I want to tell you the time has come for the big drive for better business through the trade acceptance in this country. Already, here and there, unquestionably, real advances have been made. Salients have been taken here and there, in groups. A certain industry, a certain particular jobbing line has gone out and has actually taken some of the trenches, but the time has come when the allied forces of better business and sounder credit in this

country, men and women, have got to go out cooperatively against the boches of the open book account and poor business, and the time has come *now*, in war-time. Don't put it off and say, "Why introduce something new in such troublous times?"

This, if ever, this is the time for sound business, not after the war is over, for we are getting to need every kind of soundness that we can put into business and behind business, for the reasons that I have already given to you.

And so I ask you, Mr. Commander and all you generals, for you are, every one of you, generals of business, though some of you have not completely realized it, I ask you to come forward now for the big drive against bad business. We must have the curtain of fire, then we will have the million-pound explosion of gunpowder, then we will fix bayonets and go over the trenches. Let's straighten out the line for better business in America. (Applause)

PRESIDENT JOYCE—We will defer discussion of Dr. Holdsworth's most able address until our evening session, to be held at eight o'clock tonight.

Our next order of business is the report of the Legislative Committee, H. R. Elbert, chairman. Mr. Elbert is here, but unfortunately he is ill and we will ask Secretary Tregoe to read Mr. Elbert's report.

Secretary Tregoe thereupon reads the report as follows:

Report of Committee on Legislation

To the Officers and Members of the National Association of Credit Men:

This has been an active legislative year. Following the practice that has been found effective, state legislative committees were organized in the states where legislative sessions were to be held, and with but minor exceptions these committees have most faithfully carried out their obligations and adhered to the policies of the National Association. This report will largely be in the form of an inventory wherein is presented to you what was undertaken in the various states, what was accomplished and what disappointments and set backs occurred.

In conformance with the governing idea of the organization, each state committee adopted for its program not more than three bills. In a majority of the states there was a smaller number. Most of the bills offered were the uniform or model statutes of the National Association. This practice conforms with the established policy of the National Association as regards commercial legislation and the expressed instructions of the officers and directors of the National Association as given at their annual meeting of September.

Summarizing, we shall present, first, the states where bills were passed and the nature of the bills.

California—Our legislative committee under the chairmanship of Leon Joseph, San Francisco, has done yeoman's service. Through

its instrumentality, there was passed an amendatory bulk sales bill giving added protection which will be welcomed by credit grantors in the state. There were other measures passed and others defeated with which the committee was but indirectly concerned but it was felt were of enough importance to lend help in.

Connecticut—There was passed in this state a bad check law for which recognition must be given to the diligent work of the state legislative committee under the chairmanship of H. B. Kennedy, New Haven.

Illinois—The legislative activities of this state have been of a most interesting character under the direction of the state committee, S. J. Whitlock of Chicago, chairman. When this report was in preparation, there had been passed a bad check bill which awaited executive approval. A false statement bill and a commercial arbitration bill were making good progress through the legislature and giving every promise of a successful passage. We must recognize this excellent work with sincere thanks.

Iowa—A new bulk sales law was obtained after a concert of persistent and intelligent action that has never been surpassed in the legislative annals of the National Association. The new law was badly needed and supplies a form of protection which should be recognized by all credit grantors in Iowa. E. C. Rea of Des Moines, was chairman of the state committee.

Missouri—A bad check law was passed modeled upon the National Association's statute. An effort in this state for a fire marshal law was supported by the state committee but without success, and an effort also for the amending of Missouri's false statement law also failed. J. E. Black, St. Louis, was chairman of the state committee.

Nebraska—A false statement law, patterned upon the National Association's statute, was passed. This was an excellent piece of work, resulting from intelligent action with the state committee. It furnishes a protection that has been greatly sought for years by credit grantors in Nebraska. E. E. Closson of Omaha, was chairman of the state committee.

Maine—A bad check law, patterned upon the National Association's statute, was passed. This was accomplished by E. E. Piper of Bangor, representing the national legislative committee. Inasmuch as there is no local association of credit men in Maine, we owe Mr. Piper recognition and a real debt for his splendid work.

Oklahoma—A new bulk sales bill was passed, made necessary by recent decisions in the Supreme Court of Oklahoma interpreting certain features of the old law. This was accomplished by the state committee after a most excellent effort. J. E. O'Neil of Oklahoma City, was chairman of the state committee.

Oregon—A bad check law and a fire marshal law were passed. The first patterned upon the National Association's statute and the second on the model statute recommended by the National Fire Protection Association. This was accomplished by the legislative committee in Oregon under the chairmanship of our director, E. M. Underwood, who has done a splendid piece of work, for which unbounded recognition should be given.

Vermont—A chattel mortgage law was obtained in this state by the legislative committee. This law was needed. Hereafter liens on personal property in Vermont must be recorded if they are to hold against other creditors.

West Virginia—A fictitious name law, modeled upon the National Association's statute, was passed. This resulted from the fine efforts of the West Virginia legislative committee, under the chairmanship of E. M. Keatley of Charleston.

Wisconsin—A bad check law, patterned upon the National Association's statute, was passed. This was accomplished by the state committee under the chairmanship of F. G. Smith of Milwaukee.

Your committee will next present the states where constructive work was done but of a negative character, that is, the passage of laws prevented that would have been unfavorable to business and credits.

Colorado—In this state the committee prevented the passage of any laws that would have unfavorably affected business and credits in the state. W. A. Hover, Denver, was chairman of the committee.

Tennessee—In this state the committee under the chairmanship of H. T. Hill, Nashville, did fine service and prevented the passage of several laws that would have affected business most unfavorably. Much credit is due to the committee and its chairman for their effective work.

Washington—In this state the committee prevented the passage of a law that would have interfered probably with the adjustment bureaus in Washington. It failed to defeat a measure providing for a landlord's lien in Washington, and also failed to obtain the passage of its bill looking to the amending of Washington's bulk sales law.

The states where bills were obtained but vetoed by the executives are:

Pennsylvania—A bulk sales bill was passed by both houses of the legislature after splendid efforts by the state legislative committee, of which A. R. Darragh of Pittsburgh was chairman. Though the arguments in favor of the bill were presented to the governor at a hearing especially called for the purpose, yet he vetoed it, greatly to the disappointment of credit grantors in the state.

Texas—The state legislative committee, under the chairmanship of Geo. Q. McGown of Ft. Worth, offered three bills and succeeded in obtaining one of them, the National Association's model fictitious name law; much to the surprise of the committee and to the membership in Texas, the bill was vetoed.

States where failures occurred, yet splendid work was done by state committees:

Ohio—A bad check bill failed to pass.

New Jersey—A bad check bill failed because the legislature adjourned just before the bill was reached for its final reading.

Minnesota—Bulk sales bill failed in passage after the state committee had made one of the finest efforts that have ever been

made. We all owe the committee sincere thanks for their splendid work. Geo. T. Freeman of Minneapolis was the committee's chairman.

North Dakota—The state committee recognized that commercial legislation could not be accomplished under conditions prevailing in the legislature, and while it kept under close observation measures arising in the legislature that might affect business and succeeded in preventing the passage of some of these measures, yet it was unable to obtain any of its bills.

New York—Bad check bill failed of passage. The state committee, together with the state executive committee, sought to obtain the reasons and after a conference with the committee of the state senate ascertained the points of objection. There will be developed a campaign for this bill for presentation in the legislature of 1918.

Michigan—Three bills offered by the state committee failed of passage.

Massachusetts—A false statement bill and bad check bill, modeled upon the National Association's statute, failed of passage.

Indiana—Nothing of a definite character was undertaken by the state committee. An effort to obtain a revision of the state's fee allowances to notaries failed.

Delaware—Bad check bill failed of passage.

Utah—A bill amending the bulk sales law of Utah failed of passage.

When this report was prepared there were pending bills in Idaho and Florida. It is probable before the holding of the convention that some bills pending in these states will have passed. Reference to them can be made in a supplement to the report.

It will be discovered from a careful study of the inventory for the year offered in this report that the bad check bill is a difficult measure to obtain for the reason that there has been such a wide abuse in the check system and to penalize the giving of bad checks appears to many legislators as a drastic movement. Your committee feels that protection against the bad check evil is necessary and that incoming committees should continue to recommend to state committees the offering of this bill where it has not become a law. Education may be necessary in order to prepare the public mind for the reception of the law.

The disposition of state committees to improve the bulk sales law in the various states is commendable and should be persevered in until all of the laws are brought to a high state of efficiency and into closer uniformity.

A subject of credit interest is now arising, that of requiring the registration of co-partnerships whether or not they are operating under a fictitious name. It is often difficult to ascertain who the members of a copartnership are, and it should not be burdensome and should prove a protection to the public if in some simple, yet effective way, registration of copartnerships could be brought about as also changes that may occur during their existence. Your committee believes that this subject should receive the careful study of the incoming committee and the officers and directors of the National Association of Credit Men.

Altogether it has been an interesting year. Not many bills were passed but the effort in each state expressed diligence and devotion, and this after all is a large factor.

In conclusion, your committee begs to offer the following resolutions:

I.

"Resolved, By the National Association of Credit Men in convention assembled, that sincere thanks be tendered the state legislative committees of the past year, and that they be complimented for the character of their work, the intelligent way they carried through their programs, and furthermore that they be recognized whether or not they were successful in securing the laws sought."

II.

"Resolved, That adherence to the policies of the National Association of Credit Men in offering but a small number of commercial bills and discouraging attempts for excessive legislation should be perserved in, and the Association indicates its appreciation of the fact that laws are intended for protection when human powers are insufficient and that it is altogether desirable that only the most necessary laws be sought for in the state and national programs."

III.

"Resolved, That it were advisable to have adopted as a uniform statute one that will require in a simple yet efficient way, the registration of copartnerships, a form of protection that could be depended upon where other methods would fail to give accurate information about a copartnership organization, and that in this project, assistance should be given by the officers and directors of the National Association."

Respectfully submitted,

H. R. ELBERT,
Chairman.

It was moved that the resolutions offered by the Legislation Committee be adopted.

VERNOR HALL, Dallas—In seconding those resolutions, I wish also to offer an additional one to the report of the committee, which I think is timely though it does not occur in the report of the committee.

This is a splendid report. Texas endeavored to secure legislation at the last session, but a bill, it succeeded in getting through both houses was vetoed by the Governor. The fictitious name law was passed and the results are most satisfactory. The false statement law was passed by the senate but unfortunately failed in the house. Our legislative committee asked one of the members of the house who reported against the bill, the reason why he reported the bill adversely, and his answer was this: "I am a lawyer. I borrow money from the banks myself. Sometime they might want me to make a statement. What I want to do is to get the money. I would not pass a law or recommend a law that would put me in the penitentiary if I made a false statement."

Much of the success, however, is due to the National office. I therefore move that there be incorporated in the resolutions the following: "Resolved, by the National Association of Credit Men in convention assembled, that we express our thanks to the National officers and to its secretary, J. H. Tregoe, who has so helpfully assisted in the work of the state legislative committees, and whose



A. H. DOBSON
Chas. Millar & Sons Co., Utica, N. Y.
Director

help was so important a factor in the success attained in the year just closed."

I move that that be added to the report of the committee. Seconded and carried.

J. P. KELEHER, San Francisco—I had hoped to be able to explain to the convention the nature of the three bills that your adjustment bureau, and the Board of Trade of San Francisco, put through the legislature of California this year, but I realize time

this morning is precious and I ask that I be allowed to explain just one bill, because that bill is absolutely new to every state in the Union.

It was the amending of the bulk sales law. Formerly that law provided that a five-day notice be recorded by the merchant who was selling out or by the man who was purchasing. We amended the law to require a seven-day notice, because we found that with Saturdays and Sundays and sometimes holidays coming in the period of the notice, we had but two days to act and we had to act quickly and sometimes in a drastic manner.

That brought about a great deal of ill-feeling on the part of the merchants and lost a great deal of future business to the creditors who had to protect their accounts; now that we have a seven-day notice, we feel that with the extra two days we will be able to approach the retail merchant in such manner as to make it a pleasure to him to part with his money and pay his bills. (Applause)

The most important amendment, though, the pioneer in the way of a bulk sales law, was an amendment requiring that a seven-day notice of intention to chattel mortgage be given. Heretofore, it has been the experience of creditors and their adjustment bureaus that we would come up after the chattel mortgage was given. We went to the merchant and asked him, "Why did you give this chattel mortgage to your father-in-law?"—and in my experience I have never heard of a mother-in-law being preferred by a chattel mortgage. (Laughter) He said, "Well, he loaned me this hard cash and he needed the money, and I had to give him the security."

Now under the amendment we can go to the merchant when we are informed of notice of intention to chattel mortgage and say, "What do you mean by this?" When he says, "Well, my father-in-law wants the money," we can say to him, "So do the merchandise creditors. We won't stand for this. We are just as good as your father-in-law or anybody else"; and if he does not cancel that chattel mortgage, we attach. It does not take in California more than two or three hours, no matter what part of the state it is to attach, for by using the wires, we have the sheriff in charge of the man's store quickly and then we make him listen to reason.

The Boston Credit Men's Association endeavored to pass a law on the same subject. I am sorry that it was not successful. As I pointed out in correspondence with the Boston secretary, I thought that the Massachusetts bill was a little too drastic. It called for the merchant giving a notice by registered mail of his intention to give a chattel mortgage, and it did not simply slip in an amendment to an already existing law, but the measure was brand new. I am afraid the result was that too much attention was called to the charge, and the next time, if the credit men of Boston will try simply to amend their present bulk sales law, they will likely be successful and cover the same ground.

J. A. TAYLOR, Seattle—It is a matter of much regret to us of Washington that we were not entitled to be mentioned by our worthy secretary as having accomplished our purpose in the state of Washington last year, but we met with a condition there similar

to the one mentioned by Mr. Moore in his splendid address, in that there was a hornets' nest in our legislature this year which we did not avoid and we cracked our whip over it and stopped some legislation that would have eliminated our adjustment bureaus in that state entirely. 'So far as the landlord's lien bill was concerned, we cut the landlord's lien down from six months to sixty days, as mentioned in this report.

What I particularly want to mention to the convention is that far to the north is the territory of Alaska, and this year, through the influence of our legislative committee, of which I had the honor to act as chairman, at least of the sub-committee, we obtained the passage of a bulk sales law in form endorsed by the National Association of Credit Men, and I think it would be fine if Secretary Tregoe would, at his leisure, acknowledge to the business men of Juneau, where the territorial legislature sits, the gratitude of this Association for having passed that bill.

SECRETARY TREGOE—Thank you, Mr. Taylor.

A. J. GAHR, Cleveland—Ohio also prevented the enactment of a bill which would have put our adjustment bureaus down.

The motion to adopt the resolutions was carried without further discussion.

PRESIDENT JOYCE—

To us who in the love of progress hold communion with each other,
Our guest will speak a various language.
For our gayer hours he has a gladness,
Harmless, firm, and playful tales absurd;
And he glides into our deeper musings as a true and loving friend,
Recalling effort spent and the bounty it has brought us,
All the progress we have made since we fought and wrought together,
All the uplift we have given toward an honest world of labor.
When thoughts of him, our friend and member
Pour like a flood over our spirit
And when memories fond of all his favors,
Knightliness and charm make us to ponder,
We with loving heart thank him for all his gifts to us
And wish Godspeed through many years
To him, our friend, our one incomparable
Edward James Cattell. (Applause)

Address of Edward James Cattell

I do not envy any man in the world, because I have the opportunity of a life in talking to a body of men like this. Really, I wish I had been born twins that I might enjoy it twice.

Alive all over, doing things because you are things, you give me a new faith and a new belief in the motto which I believe belongs to America, although it was uttered by a British trenchman. He said, "If it is possible, it is done. If it is impossible, we will do it." That's America. (Applause)

We not only know what to do but we know when to do it. This morning at breakfast one of my dear friends ordered two soft-boiled eggs. The waiter brought them in and after a while, noticing that my friend wasn't eating them, he said, "What's the matter, weren't they boiled long enough?" "Yes," he said, "but they weren't boiled soon enough."

I have no time for these pessimists. A pessimist is nothing more than a blind man in a dark room looking for a black hat that isn't there.

Many of you have heard me say that my ideal optimist was the dear little fellow who fell downstairs in one of our public buildings and when I picked him up he said, "Well, I was coming down, anyway."

Life gets better all the time. I am not afraid of old age. I am not even afraid of the bald age. You never see cheap furniture with a marble top, never in all your life.

If you can not get what you like, like what you get—pretty good advice even for a married man.

I am delighted to see the ladies here. I have never seen a man hurry who wasn't hurrying to meet a lady or hurrying away from one. I have a sign in my office that says, "If a pretty girl passes and I don't notice her, send for the coroner; I'm dead." I have never seen a man yet that was doing something the world needed done but that was trying to make good in the opinion of some good woman.

Yes, there is the inspiration for every man, and the reason that I have faith in America is that each home has a real queen in it to whom each man yields sovereignty.

Why, the best lesson in organization I ever had in all my life came to me about a hundred years ago when I was young enough to dance. I was dancing with a young lady and I thought I had been doing very well. I said, "What a splendid floor to dance on!" and she said, "Why don't you dance on it and keep off my feet?"

What is all your talk about economy and efficiency but teaching one man to keep off another man's feet—systematized effort? She taught me a great ethical lesson, one of the greatest of the age. If I had thought of my girl's happiness instead of my own, I would have had just as good a time and she would have had a better one.

That is the thing, not to take business from one man and give it to another, but so to multiply the buying power of the whole world that there is more for everybody. Is not that the theory of the credit man? Of course it is. They are real men, doing things in a real way, and they must have courage, and never more than at the present time have we needed courage.

My first lesson in courage, like all good lessons, I say, came from a pretty girl about eighty years ago down in Atlantic City. It was one of those beautiful, moonlight nights that will wake up a man even with a bald head. You know what those sea breezes do—stir you up all over. Well, I had a pretty girl there, walking on the beach. I forgot I was bashful and got my arm around her, and then I got scared. The girl didn't. They never do. I can

hear her now as she said, "Why don't you kiss me?" I said, "I have got some sand in my mouth." She said, "Swallow it; you need it."

That is what we need—sand, courage; equality with the problems, then they will solve themselves.

Oh, my friends, I say again, as I said before, I am delighted to be here. This is America's opportunity. I can see nothing to be afraid of. I can see nothing to be gravely concerned about.

Two years and a half ago—my friends Randel and New of Cleveland will bear me out—I stood in the Statler Hotel in Cleveland and spoke to a body of credit men, when every bank was closed, practically, every stock exchange; as regards foreign debts, we were repudiating two hundred fifty million dollars. We were organizing bureaus to take care of the unemployed in all the cities.

Yet, being a credit man and believing that the inevitable sequence follows the right action, I had the courage to say that within fifteen months we would have 3 per cent. money, all the stock exchanges would be open, and we would be looking for labor instead of taking care of the unemployed; that we were on the dawn of a brighter day, and the day came.

Now, my friends, I only speak of that to win your confidence so that these words will go home, when I speak from my heart and say, without any mental reservations and basing my words upon deductions drawn from a life of over fifty conscious years of activity, with a banking training to start, that this nation has just found its soul, it is going to win this war, and come out of it richer and stronger by every means. (Applause) There is no economic rule by which you can work out anything else.

I was in this dear city in 1874. I was then, or had been a few years before, selling Northern Pacific railroad bonds, associated with Jay Cooke. They had experts from our great universities looking over the Red River Valley, and they said that you could not get an ounce of value out of it. They were trying to build the Texas & Pacific then, trying to sell the securities, and the Northern Pacific and the Union Pacific were both in it. People said we were mad and trying to rob the people, but we thought different. We believed in the West, and she has magnificently come to the front.

That was years ago. In '69 I made my first trip to California, and I traveled for five days over what was called the Great American Desert. Today they are raising three crops a year on that desert.

I visited a Pennsylvania city eight years ago and they showed me three great mountains by the side of the town. The mayor said, "We are going to ask for an appropriation to mitigate the ugliness of that eye-sore." When I went there last month I found that same range of hills, then a liability, now capitalized for ten million dollars and paying four per cent., because they had found out how to utilize it.

That is going on all over the country, multiplying buying power. Let us not be afraid. There will be little change. I re-

member once going out with a ducky to see his chickens, and when he opened the door there was not a chicken to be seen. I said, "What's the matter, Eph?" He says, "Oh, that boy Dick of mine, that fool left the door open and the chickens all went home."

There may be some redistribution. Some section that has got a lot today may pass some of it over to another part that has not so much now, but it will mean merely going home. They won't get away from us. It is in the country. We have the wealth production, we have the men who are trained to do the right thing, and we have our homes. But let us not lose our strength by these petty differences and old-fashioned animosities. It does not pay to fight that way.

We had a poor little boy out in one of our almshouses three years ago who was dying with small-pox. The doctor found out that he was a good Catholic and he said to him, "Hadn't I better send for a priest?" and the little fellow said, "No, send for a rabbi. I don't want to give a dear old priest the small-pox."

There are a great many differences that are not fundamental. There can be two minds on a subject without either being wrong. I have two friends, one a clergyman and the other a sea captain, and each is very fond of his parrot. The sea captain landed in port one day after a three-month trip, took his parrot in its cage and went up to see the clergyman. He put the cage on the table alongside the clergyman's parrot. There was a lull in the conversation, and the clergyman's parrot, wishing to be sociable, said, "What shall we do to be saved?" Back came the answer, "Pump like hell or go to the bottom." Each was right, but one looked at it from the theological point of view and the other from the nautical; perhaps too naughty-cal.

I had another friend, a clergyman, who bought a parrot from a sailor, but when he took the bird home he was horrified to find that it swore. However, he saw its intellectual and moral possibilities and he said to the bird, "Now, I don't want to let you go; I would like to teach you something better. We will have a compromise. You can swear on every day except Wednesday. The bishop is here with me on that day and you must refrain from profanity." The parrot said it was a bargain.

He kept his agreement for six months. All went well until one day the bishop unfortunately left his umbrella at the house, and he came back on Saturday instead of Wednesday to get the umbrella. The parrot saw him coming and he said, "It's been a damned short week."

Now, that is the trouble with a good many lines. There have been too many short weeks in business in morals. We have been playing the game not quite straight as well as strong. Speaking of games, I played a game of baseball last spring myself and got a two-base hit, old as I am. When I got to second, my breath was back at first and my heart was on third.

That is what we want to do, keep our courage and play the game safe. We don't want to have false courage, merely the choice between two evils. I had an illustration of that not long ago. I was up to Trenton and the warden of the prison there said,

"Mr. Cattell we are trying a new experiment in criminology. Come over and see it. I think you will be interested. We have allowed our worst criminals to form two base-ball teams, and we are going to have a base-ball match within prison walls. It's a new thing entirely with us."

I went over and saw it. It was the most interesting and exciting game I ever saw. The umpire was perfectly fearless. He would make a close decision on a play and these men, unaccustomed to exercising self-control, would rush up and look as if they were going to fly right at him, with their bats uplifted. At the end of the game I went over and put my hand on the umpire and I said, "That was wonderful. Weren't you afraid they would kill you?" He said, "No, I am going to be hung tomorrow."

You want the real courage, my friends. You talk about the old classics and the old ages, and it is common for a great many people, educated beyond their intelligence, to run down America and this great, virile, God-following, God-fearing nation.

I was going out to a little place just out of Philadelphia one day, sitting in the smoking car, and a man entered the car pushing a little girl ahead of him. My attention was attracted at once, because the girl had a white bandage over her eyes. Forty years ago I nearly lost my sight; only a great oculist in Berlin saved it. and that threat of a long, black night always goes to my heart.

So when the man came back to my seat and turned to me and said, "Mr. Cattell, may I talk to you a little while? You don't remember me, my name is Steading," my heart was in my words when I said, "Sit down." He said, "Did you notice my little girl?" I said, "Yes. Is it serious?" He said, "Hopeless. I have just come from a consultation of oculists and they tell me there is absolutely no hope. She is all I have, Mr. Cattell, twelve years old. And that isn't all. The dear old wife who made me all I am, is ill and in charge of the nurses. I have only taken the little girl away today to relieve them and her, and they say there is no hope for her. And that isn't all. The firm I worked for for twenty-nine years failed twelve weeks ago, failed so badly that I am unable to go on, and at sixty-two I have had to start life all over again."

I never wanted to say a word to help a man so much in all my life, but somehow I could not get hold of myself, and he found himself before I found myself. But there was a new note in his voice when he continued: "But everybody has been so kind. The governor said that if the worst came to the worst, the little girl would be taught so many things that would lessen the terror of that long black night. And I don't believe God is going to take that dear wife away from me. She is going to get well. And oh, the kindness of my friends! They have offered me help, money. Mr. Cattell, you would be surprised at what a good little trade I have built up in twelve weeks. Yes, everybody has been kind."

Then, his voice growing stronger, he saw the light on the water as we were going around a bend, and he said, "Quick, Mr. Cattell! Don't miss this beautiful view as we go around the curve. See that little island in the middle of the river? Catch the reflection of the trees in the water? Isn't it a splendid thing to be alive?"

My God, it made me believe in life! When I think that that is the average man, taking blow after blow, goes down, gets up and wipes the blood off of his face, and with faith in God, love for wife and little children, goes on and makes a fight against the whole world. That is America, that is going to lead the world. You can't hold it back. (Applause)

I wouldn't be human if I didn't want to say a word about this war, my friends. I was made an honorary member of the Credit Men's Association in Philadelphia. You are responsible for every great constructive work for the past fifteen years along this line. You stood back of and behind the currency act, which has rendered fluid, assets that we could not have touched otherwise. You are big men, doing big work.

What does it mean? I am only going to give you one man's view. I think it is America's greatest opportunity. We are going to gain a definitiveness of purpose, a roundness of character, a condition of efficiency undreamed of even by its founders.

Now as I see it, this is a very simple proposition. Credit is nothing more than character, rendered fluid. Character is the expression of the soul. Each is a sovereign of divine right under our form of government, and we exercise our sovereignty best as we approach clean methods. There is no middle ground. It is self-control in America as opposed to state control in Europe, and there is the difference of the diameter of the earth between the two extremes.

State control, where a few men think and the great mass are dumb driven cattle, always ends in a tragedy such as the present war. Our new idea of self-control means that automatically and instinctively, the great majority of people will do what is right, that only on a few debatable questions must there be the strong arm of the law. That reduces expense of government, develops initiative in the individual, gives self-control and character to all, and the homes multiply.

Now, these two systems inevitably had to come in combat, the one or the other to go down. When the German—I have lived some of my happiest years in Germany and I have been in every country at war—when the German Chancellor uttered those words, "A state is the sole judge of the morality of its own acts," he wrote "Obsolete" across the Ten Commandments and the Sermon on the Mount. (Applause) If a state is the sole judge of the morality of its own acts, then one state can legislate murder into a virtue and not a crime. It can legislate the violation of contracts into a virtue rather than a disgrace or crime.

You can have no civilization anywhere at any time under that principle. There are certain great agreed fundamentals as regards man's relation to his fellow man that are born of man's relation to God, that must be common to all people if there is going to be any intercourse, commercial, social or political.

That is a thing in which there is no room for compromise, and that is the question as it stands today. I have no fear of the outcome. On the contrary, it is going to develop us marvelously. In the first place, it is going to take away all sectional division. I

have very vivid memories of the old Civil War period. I am one of the few—not more than three men living—who knew both Abraham Lincoln and Jefferson Davis, and I had personal acquaintance with both. I have spoken in thirty-five of the great southern cities, although I am northern-born.

I went to the Pacific Coast when there was no railroad beyond Sacramento. In 1869 I was in Salt Lake City and talked with Brigham Young, and there was no railroad. I have seen this nation grow from seventy-nine million to over a hundred million. I have seen, in my home city, the homes multiply from sixty thousand to three hundred seventy-five thousand. They say we are asleep in Philadelphia. God help the rest of the world if we ever wake up. Every second we make forty loaves of bread, every second we make thirty cigars, every second we make a saw, every two seconds a hat, every three seconds a pair of lace curtains. We build a trolley car every hour, a locomotive every two hours and a half, and a baby every thirteen minutes.

You can not always judge cities by their outward appearance. Years ago a man wanted to sell me a horse, and he said, "It can go twelve miles an hour." I bought the horse and I found that it could go twelve miles an hour, all right—ten of them down and two straight ahead.

In a Russian city, under an autocratic government, it would require eighteen thousand men to maintain the degree of peace at night that we maintain in Philadelphia with twelve hundred. Now, the difference in expense of maintaining eighteen thousand and twelve hundred guardians of the peace is the difference in expense between an autocratic and a democratic government. That is what we must remember.

We spend two and a half millions dollars a day on education and twelve and one-half millions in subscriptions to the great moral agencies, the best investments we can make, and that expenditure depends on the exercise of self-control by the individual, that the state may be saved the great expense that comes under an autocratic government.

We are fighting for our principles. As I understand the situation, my friends,—I love the German people, I know them, I have lived with them—we have no war with Germany, but we have a war distinctively in favor of self-control as opposed to state control, and we go on the principle that if I see the prairie blazing on the next man's lot and the wind blowing toward my house, it is my business to go over into that lot and put out that fire. (Applause)

We are not entering into a crusade against autocratic government, we are not entering into any war of revenge. We are going in with clean hands and we are coming out with empty hands. We are going to show the world that the motto of America is "The world doesn't owe me a living; I owe the world a life." That is the principle of America.

One hundred forty-one years ago, when we signed our Declaration of Independence in Philadelphia, they took your life for stealing a dollar's worth of property. We struck the note that God-given

life is different from man-created property; and we stand today lack of the principle that any American with wife and little ones, going on God's great seas, is going to be protected if it takes every dollar and every life in America to protect them. (Applause)

Now, we made this Liberty Loan sale here in America. I made eleven speeches one day. Of course, if I had been an old man I couldn't have made so many, but being a young man I made eleven, and I was really capable of a lot of others. We were trying to sell those bonds because we wanted to show Europe that not a few men in one city, but the great mass of the thinking people of this country were in favor of peace and were fighting for peace. We got it.

I will tell you what we saw there. We saw a man who had bought ten thousand dollars' worth of bonds, standing in a moving picture show, pleading with the audience; not every one could buy fifty thousand dollars' worth, but he was asking them to do him a favor and buy at least one. We saw our biggest clergymen, our bankers, going into places and coming into contact with people that they had never met on the same plane before. In other words, a great fusing and developing process is going on. We are a better nation than ever.

This necessity of getting great expenditures, or making them, is going to take money out of certain congested money-centers and put it all over the country. Places that have never had any disbursements before are going to have them. The subscriptions to the Liberty Loan are bringing a new mental attitude to the minds of millions that has never existed before, and are going to make it better for business.

Take the development of our road system. Think of our arterial system, that is ten times as great as our railroads, with higher rates than over the railways, and then think that ninety-nine per cent. of all our effort is spent in trying to push down a high railway rate and no effort is made to get rid of the high road rate. You are going to see great roads built by the necessities of war, and they will bring each producing point within cheap contact with each shipping point.

There are a thousand things on which you are going to get greater action if you will only be patient, if you will only unite in such associations as this and be the things you ought to be.

Oh, every once in a while I hum to myself that old, old song within my heart, and it gives me a new strength. Let's all remember it and hum it over in our hearts: "I'm going to do the best I can to be the boy my mother thinks I am." Simple, yes, but right from our hearts let us say that.

It has been my pleasure to travel halfway across the continent just to say a word to you, and I want to leave this thought with you. It is a little thing that happened to me the other night in Philadelphia, less than a week ago. We decided to toll the old State House Bell, not the Liberty Bell, but the other one, at nine o'clock, to try to stimulate sales of the bonds.

I wanted to be sure that the order was put through at the State House, and I went down in front of the old low-browed

cradle of our independence. I was standing there listening to the bell toll when I heard an argument near me—a sailor boy of about twenty-six, and two officers. He was pleading for an opportunity to have a look at the Liberty Bell; that is all I could hear. We have rigid rules about allowing people in at night for fear of fire. Nobody is allowed inside at night. I knew it, but I drew a little



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Director

nearer and as I listened, I looked down at the ground and realized that I was standing on the same spot where Abraham Lincoln had stood in '61 when he lifted the flag before he went to Washington. I thought of that boy—I heard him say, "I am from out in Wisconsin,"—and I went over to him.

I said, "My dear friend, what is the matter?" He told me his story. He says, "I sail at daylight tomorrow on one of the converted German cruisers. I am going over to France. We are

going into some pretty active fighting. All my life I remember my dear old mother telling me—mother's with God now—telling me of this Liberty Bell. I have never been east before. I sail at daybreak. I feel like I would give my right arm, almost, if I could see that bell. It is one of my cherished memories; it is in my blood."

I said to the officer, "What time does the watchman get down for his next round?" He said, "In about ten minutes." I said to the young man, "Come around with me to the Water Street side of Independence Hall"; and I stood there with that young man about to bear his breast to the enemy's bullets, a splendid chap, as handsome a young fellow as I ever saw, and I thought of that time, back in '65, when I had waited there to have a look at a face that God had touched with His finger.

The watchman came around and I said to him, "I am Mr. Cattell. I have the authority of the Mayor, I am speaking in his name. I want you, and I know it is against the rules, to just step aside and let me in. I will tell you what I am going to do. I am going to take this young man just inside of this door. I know every inch of this old place. I know you have got the bell uncovered, but I will be personally responsible. I want this young man, who is going abroad and maybe giving his life for his country, to touch that bell." He says, "Mr. Cattell, it is as much as my position is worth, but if you say you will protect me, it is all right."

I took the boy by his hand—he was trembling all over—and led him through that half-open door into that shadowy place, no light except the little that filtered in through the small window in the west. I said, "Now give me your hand." We could just see the outline of the shadow of the bell in front of us. I took his hand, I lifted it to where he could feel that crack. I said, "run the hand along there," and then I turned to push the door back a little for fear that somebody might follow us, and then I felt my way back to where the boy had been, this great man.

I reached out my hand, but I didn't touch him. Then I looked up at the light, and following the ray of light down, I saw this great fellow on his knees. He touched his lips to that bell, and I heard him say, "God help me to do what I can to make good to the old mother, the old flag."

We were alone in the shadow, but that boy will never be nearer to heaven or that mother he loved until he meets her before God's throne.

May God keep us all, and this flag, standing for principles God-given. (Applause)

SECRETARY TREGOE—Mr. President, may we salute the flag, and let's all say together, "God bless our country."

WILLARD HAFF, New York—Mr. Cattell has told us that he is an honorary member of the Philadelphia Credit Men's Association. If it is not contrary to our constitution or by-laws, I would like to make the motion that Mr. Cattell be elected an honorary member of the National Association of Credit Men. (Applause)

PRESIDENT JOYCE—We will do it first and find out if it is correct afterwards. Seconded by every one. All in favor will signify their assent by saying "Aye," opposed— There will be no discussion. The motion is carried unanimously. (Applause)

MR. CATTELL—I just want to say this, that our great university gave me the degree of D. S. not long ago, but you have given me a degree that fits my heart as well as head and makes me the proudest man in the world.

Adjournment.

Special Session

WEDNESDAY EVENING, JUNE 20, 1917

PRESIDENT JOYCE—The first number on our program is an address on "Cooperation," prepared by C. E. Baen of San Francisco, to be read by C. T. Hughes of San Francisco.

MR. HUGHES—It may appear somewhat of an anomaly, in view of the scrap we had a couple of days ago, to have a representative from San Francisco talk to you on cooperation. (Laughter)

SECRETARY TREGOE—It will do you good.

MR. HUGHES—I want to assure you, however, that we have within our association several men of the calibre of Mr. Baen, and I only wish that he had been able to attend personally, instead of having me read his paper. He would have been benefited immensely by attendance here, and I am satisfied that you likewise, in his counsel, would have been benefited, for in the period of a ten years or more, he was in charge of the Bradstreet Mercantile Agency system, and latterly is in charge of the department of credit in one of the largest of the banking institutions at San Francisco.

Cooperation, the Touchstone of the Credit Man's Progress

Address by C. E. Baen, San Francisco, Cal.

Thomas Carlyle, in his history of the French Revolution, tells us how the French people, in a great patriotic outburst of spirit so characteristic of them, for the purpose of having an assembly of delegates of the entire nation take oath to the King, the Law and the Nation, built a great amphitheatre in Paris. This great amphitheatre, he tells us, was three thousand feet long and over one thousand feet wide, compared with which the Coliseum at Rome was but a stroller's barn. All this great area had to be scooped out and the earth wheeled to the side lines, piled and rammed to be high

enough to make thirty tiers of seats stairwise in the form of the ancient Greek theatre. On July 1, 1790, the work, which had been lagging and backward, was stopped by the workmen, numbering fifteen thousand, striking and laying down their tools. Two patriots standing by picked up shovels and barrows and work was resumed. These were followed by other volunteers until whole families flocked out from Paris to complete this great undertaking. At one time during the process of construction we are told that one hundred and fifty thousand men and women were employed. These workmen were all volunteers, working without pay, and gave the best that was in them.

Wednesday, July 13, 1790, saw the amphitheatre completed and ready for the commencement day of the week's celebration known as the Feast of the Pikes. On that day the attendance is given at not less than three hundred thousand men and women.

LESSONS OF FRENCH AND AMERICAN REVOLUTIONS: AMERICA'S OBLIGATION TO FRANCE

What a splendid inspiring record of unselfish patriotic co-operation we see here exemplified by this great achievement of our French brothers of old! And they were our brothers in spirit and sympathy, since they, in response to Washington's plea for assistance, sent over to us in the darkest days of the American revolution, General Lafayette and his aids, and General Rochambeau with five thousand French soldiers. These, together with the financial assistance rendered, put new life and hope into a well nigh lost cause, and enabled the American colonies to win their independence. When Lord Cornwallis surrendered at Yorktown, Lafayette was at his side with three thousand of his brave soldiers the silent witnesses of America's great victory.

Over a century and a quarter has elapsed since that great event in Paris, yet we know that same great spirit still lives in the land of our sister Republic across the Atlantic. We saw it grandly triumphant at the Marne early in September, 1914. We saw it again in that determined, desperate but successful resistance of the French at Verdun. It has won for France the admiration and the support of not only our own great country, but of every lover of liberty and liberal Government on the face of the earth.

Now, when brave France has her back to the wall, and is fighting with all the energy she can command, when already she has lost over two millions of her brave sons in trying to expel the hordes who so relentlessly destroyed her little Northern neighbor, Belgium, and has occupied for almost three years the heart of her own manufacturing territory, do we hear her far away cry for assistance? This is our opportunity to repay a great debt of gratitude of long standing, when our assistance is as sorely needed as when Washington appealed to them in 1781. That our great country will heed the call and that our response will turn the tide of events in favor of France and liberty, does anyone who has red blood in his veins doubt?

Comparable to the unselfish cooperation of France with America in the early history of this country is the aid which has been extended by the National Association of Credit Men to the Commerce of this Nation.

AMAZING GROWTH OF CREDIT MEN'S ASSOCIATION

The National Association of Credit Men has now a membership of over twenty-two thousand, and through them is in close touch with over a million wholesale jobbing, manufacturing and banking institutions in the United States. Its history, while comparatively brief, covering as it does a little over twenty years, nevertheless is one of achievements and good work accomplished. It has always amply justified its existence and its right to live by making splendid use of its vast influence which has been developed in a quiet, dignified, but masterful way. Its efficiency in its many lines of activity is recognized and appreciated by every thinking man who is in touch with credits in this great country of ours.

Perhaps the most important and far-reaching accomplishment of our association, and the one which was most difficult to bring about, was the unselfish cooperation of its members, which is the foundation upon which the entire structure rests.

PANIC AND ITS CORRECTION

A very good friend of mine in Chicago, who had to do with credits in a large way for more than forty years, writes me an interesting story of credit conditions there after the Jay Cooke panic of 1873 when 87,000 mercantile failures occurred in one year.

The wholesale hardware dealers called a meeting to discuss existing conditions and to work out a proper remedy. The result of their discussions was that they agreed to record for the benefit of their association, their experiences with undesirable customers, and these experiences were recorded in books and placed in my friend's charge. Penalties were provided for failure to report delinquent debtors or undesirables.

This plan was worked beautifully for a time and practically eliminated the undesirable credit risks from the Chicago market, and they had to seek other markets where credit lines were not so sharply drawn. New York, Boston, Philadelphia and Pittsburgh heard of the plan, and were anxious to participate in it and gain the experience of the Chicago hardware dealers by paying a nominal sum for each report. The demand for these reports was remarkable. The plan worked splendidly for three years until it became noticeable that the larger concerns were exceedingly anxious to get information but gave little or nothing in return. The smaller merchants feeling that they were being imposed upon, ceased reporting and the plan failed for lack of cooperation.

HELP FROM CONGRESS AND LEGISLATURES

The influence of the National Association in procuring bene-

ficial legislation, in Congress and in several states, has been another of its most useful activities, and has gone far in standardizing and stabilizing credit conditions. It has rendered its assistance in framing the present Bankruptcy Law which was passed by Congress in 1898, and has used its great influence towards the proper and efficient administration of this law by the bankruptcy courts.

The Association has found it necessary, within the past two years, to make a most determined and successful fight to prevent the repeal of the bankruptcy law, which has done more than any other agency to place all creditors on an equal footing so far as preference of their claims is concerned, and to keep them on that basis.

Its assistance and counsel has been sought by those high in authority in the national council in shaping the most important financial legislation which Congress has passed in many years. I refer to the Federal Reserve Act which created the present Federal Reserve Banking system which will relieve banks of undue pressure during times of stress, and which has materially strengthened and broadened our banking system.

Our Association has rendered invaluable service in practically every State in the Union by meeting, from time to time, with delegations from state legislatures and by free and frank discussion of important legislature problems and has aided in a proper and equitable solution of them. By these cooperative means, there has been passed during the last ten years, uniform bulk sales laws in every state in the Union. There has also been passed legislation to simplify procedure and to provide means for the conviction of those who make false statements for the purpose of defrauding creditors, in twenty-eight states.

FIRE LOSS

The National Association of Credit Men has rendered a valuable and lasting service in the broad and fertile field of fire insurance. Our annual fire loss, which amounts to from two hundred to two hundred and fifty millions of dollars annually, is one of the greatest sources of waste and one of the greatest drains on our business resources. Its reduction is one of the most difficult problems with which we have to cope. Fire insurance experts—men who have studied the subject for years and whose testimony is therefore entitled to our respect and attention—tell us that from 50 to 80 per cent of the vast fire loss is due to preventable causes, and might be saved to us if proper precautions were observed.

Our Association for many years has studied this great problem and rendered valuable assistance in calling the attention of the country to this great waste. Fire Underwriters recognized our cooperation in this great work, and in Convention held in September, 1911, passed the following minute:

"The National Association of Credit Men, which has perhaps devoted more time to the study of insurance and fire waste of the country than any other commercial body, has been active in acquainting business men with the importance of the subject, and

in encouraging the adoption by municipality and state, of such remedial measures as would tend to diminish the steadily and rapidly increasing fire losses."

This campaign of education should be continued, and our efforts, to lighten this great burden on our business interests each year, redoubled. We need better legislation to cover negligent, careless and incendiary fires, and the Association's assistance in their enforcement to improve these conditions, to the end that our fire insurance rates may be substantially reduced, and the cost of doing business, and consequently the cost of living be reduced.

CREDIT INTERCHANGE BUREAU EFFICIENT WEAPON

Perhaps the most important of the activities of the credit men of the United States, the one capable of the greatest development, and the one activity which, to my mind, gives the greatest potential promise of being of lasting benefit to our credit system, is the credit interchange bureau. The value of these bureaus to the commercial centers they are now serving is in no wise measured by their present cost to these commercial centers, few of which I believe today appreciate the full measure of the service to be obtained from them if they were in full working order and were made to embrace all the leading lines of trade.

There are forty of these bureaus now in operation at various commercial centers of our country. One was recently started in the city of New York and gives promise of being a very important and useful member of the interchange system. Our San Francisco bureau now has one hundred and thirty-five paying members, is on a self-supporting basis and is of great value to our manufacturers and jobbers. Our experience in establishing this institution, fostering it and bringing it up to its present standard of efficiency has been very interesting. But it has impressed upon us the fact that our work could have been accomplished with far less expenditure of time, energy and money could we have had some well defined plan to work by, or could we have had the guiding hand of someone experienced in this work.

SUGGESTIONS FOR BETTER SERVICE

I would like to urge upon you, for the benefit of those bureaus which are to be organized in the future, and I assume there will be many of them, that a well-developed working plan be adopted, taking the best features of those already in successful operation. These instructions and plans should be placed in the hands of some competent and experienced man, one capable of successfully carrying them out with the *full support and cooperation* of the National Association, its officers and directors. If this is done I apprehend the efficiency of the forty bureaus now in operation will be increased in a very large measure. Their work can be standardized, made easier and less expensive, and they can be of greater benefit to one another. The formation of new bureaus will be a comparatively simple matter—merely one of organization. The merchants and manufacturers of the United States are keenly alive to their

value, and are not only willing but glad to give them their financial and moral support. They can well afford to do this, as it is a sound business proposition. These bureaus pay many times their cost of operation by actual cutting down of losses from bad debts, but better still, by educating retail merchants into forming sounder business habits which tend to prevent business failures.

HOW TO IMPROVE CREDIT CONDITIONS

When the new banking law was under discussion, some of the leaders of the banking world strongly urged the strengthening and connecting up of the clearing house systems in the United States. They were of the opinion that this plan would produce the strongest and best working central banking system that could be devised, and this on the theory that the bankers themselves were the best judges of what would make for sound methods, good banking and proper tentions that it would seem was based on sound reasoning. This is equally true of the credit conditions in this great country of ours. The credit conditions in the United States can be immeasurably improved, better controlled in times of stress, by adding to and strengthening this system of credit interchange bureaus. They are largely, if not wholly dependent for betterment and improvement upon those who are familiar with and experienced in dealing with these questions, and to those who, for twenty years have, by their activities and accomplishments in this work, proven a desire and a willingness to improve credit conditions,—namely, the credit men of the United States.

PROBLEMS IN THE PATH OF PEACE

When peace comes again it will bring with it many perplexing problems in which those of you who have to do with credits will be vitally interested. The readjustment of prices and stock of merchandise to new conditions will be a shifting process of very large proportions, and the problem is, how is this to come about with the least loss and the least disturbance to our national business? It is self-evident, I think, that the problem is as serious as our business men have ever had to face and yet, it is before us. It would be less difficult if our retail business was generally conducted on more efficient lines than at present. One of the best plans for preparedness against the day of readjustment would be a campaign among merchants generally, a campaign of education, bringing to their notice better accounting methods, better and closer merchandising, to the end that they would have their business well in hand and ship shape when the time for readjustment comes.

Fortunately, there are among us today many patriotic, unselfish business men who are willing now, as they have been in the past, to give fully of their best thought, of their time and of their means to the solution of these problems. This generosity and these sacrifices have assisted in the solution of our problems for the past twenty years, and I have the assurance to prophesy they will not be lacking in the future.

PACIFIC COAST IS LOYALLY IN THE RANKS

In conclusion I am privileged to say for that great empire of the Pacific Coast, of which it is the good fortune of San Francisco, largely on account of geographical location and fortunate circumstances, to be the commercial and financial head, that we very much appreciate the honors and recognition we have had from this great body of men, of whom shall it not be truthfully said, when *devoted service* for the uplift and maintenance of a higher standard of business and business ethics is required, that they are never found wanting. (Applause)

PRESIDENT JOYCE—Our next order of business will be a short talk by H. S. Blum of Chicago on "Commercial Arbitration." Mr. Blum has to make an early train and we will call on him now so that he may do so. (Applause)

MR. BLUM—It would be quite hopeless, in the short time at my disposal, to attempt to do more than touch upon the essentials of the arbitration arrangement and the arbitration act that was passed by the Illinois legislature of 1917, and to outline briefly, also, the things that we hope to realize from them.

The act that was passed at the last session of the Illinois legislature and which was signed by the governor within the last few days, is the most elaborate code on the subject of arbitration that is in force anywhere in the United States, as there is embodied in that act the experience of the country where commercial arbitrations have taken the place almost entirely of the courts in commercial controversies—the experience of England, and also the experience of those centers in the east where commercial arbitrations have been in vogue.

The great outstanding feature of the act is an arrangement that leaves questions of fact to the lay arbitrators, who are supposed to be experts in the line in which the controversy takes place, leaving questions of law for the determination of the courts, and it is an improvement on the English arrangement that the experts in those matters have said will, without any question, have a tendency to popularize the arrangement.

I shall content myself with this. There is nothing that moves more slowly and reluctantly than an aggregation of men who have become habituated to doing business in a certain way. Our arbitration arrangement is expressed in a set of rules by one of the greatest courts in this country, the municipal court of Chicago. There has been established in Chicago an arbitration court. There is a tendency on the part of the Bar Association of Chicago, on the part of the Bar Association of Illinois, on the part of the large business organizations of the city—there is a tendency among them, I say, to try to use this arrangement, to try to make some use of the arrangement that should have the effect of reducing the number of lawsuits that now pend in our courts, and of reducing the amount of friction that necessarily results from a great amount of litigation in any community.

But that in itself will count for little, and the arbitration act will remain on the statute books of Illinois a dead, unenforced and unused enactment, unless the subject is kept alive, unless the thought is carried home at every convenient opportunity, that the present method of determining controversies between business men in the courts is not a sane method; it is not a practical method, it is a wasteful method, one which tries men, one which does not conduce to justice.

If that thought is kept alive and carried on, the ultimate consequence will be that not merely will the Illinois act be used, and widely used, but also that in other states of the Union, acts of a similar kind—no doubt better than this, because this is an experiment in a large measure—will become enacted and those acts, in turn, will be used, so that in time it may be said of the United States, as it is now said of England, that not three per cent of the controversies between merchants get into the law courts. (Applause)

PRESIDENT JOYCE—In the absence of the chairman of the Committee on Credit Education and Management, we will ask Secretary Tregoe to read the report.

SECRETARY TREGOE—I think that we ought to remind every one here of the arrangements that we are going to have tonight, that is, this is not what we would call a convention, but a conference, and we are going to get, as we call it in state conferences, mussed up. Those of you who were ever in a state conference know just what is meant by that.

Now, when these reports are read, speak to them, and let's have a real debate, and then the president is going to ask questions himself and is going to give me the privilege of asking questions, and in that way we are going to get some real discussion.

Report of Committee on Credit Education and Management

To the Officers and Members of the National Association of Credit Men:

Your Committee on Credit Education and Management was placed at a disadvantage because of the inability of its first chairman to continue in the position, and the necessity of appointing a successor in midseason. This change would not have occurred but for reasons beyond the control of the first appointed chairman and his successor assumed the responsibilities of the chairmanship with a recognition of the disadvantages under which he labored yet with a strong desire to give what assistance and support he could to this important branch of work.

From the best observation within the powers of the committee, it is obvious that interest is growing in credit education, not only in local credit associations but in colleges, universities and public schools. The trend in this department of education is most significant and looking back over a period of five years, when the subject

of credits was not recognized in institutions of learning and in the educational courses of local Y. M. C. A.'s, great gratification and pleasure must be expressed that through a recognition of its importance, opportunities are to be found on every hand for the credit worker who desires to improve his knowledge of credit principles and practice and for any one in fact who desires to acquaint himself with the facts of the service.

Your committee desires to register its appreciation of the interest shown and the co-operation extended by certain of the colleges and universities for the promotion of credit and commercial knowledge and because in some of the states and cities interest is being aroused with commissioners of education and experiments are being made with courses in commerce and credits. Your committee feels that its best report will be an inventory of what is taking place in the various associations in the cities where facilities for the study of credits have been offered and encouraged. Should it happen in offering the names of the various associations with departments of credit education and management, or taking a direct interest in credit education, or in naming colleges and universities with extension courses of commerce and credit, that any have been omitted, charge it to the short period in which your committee has had the opportunity of making its observations with the assistance of the National office.

Buffalo.—Our association in Buffalo has conducted an interesting credit class in the association rooms under the personal direction of Miss A. J. Mooney who has charge of the credit department at the Barcalo Manufacturing Company. Twenty lectures were given with topics running from the "History of Credit" through "Bank Routine," "Negotiable Instruments," "Mercantile Agencies," "Financial Statements," "Insurance," and "Foreign Credits." The lectures were given by active credit men, insurance men, bankers and lawyers. The class attracted considerable attention from the largest houses and there is already inquiry as to next year's course.

Cincinnati.—Our association in this city has co-operated with the University of Cincinnati in conducting a course on commerce and credits. The association supplied speakers for the class, has given various forms of encouragement to the teachers, and feels thereby that splendid work has been accomplished for credit education in Cincinnati.

Cleveland.—Our association in Cleveland has conducted through its Credit Education Committee an excellent class in conjunction with the local Y. M. C. A. This arrangement has existed for several years and at a recent meeting of the Cleveland association, diplomas were awarded to several young men who had covered the course and graduated with honors.

Duluth.—Our association in Duluth has conducted under the direction of H. A. Sedgwick and A. V. Anderson, a credit class in conjunction with the local Y. M. C. A. Reports indicate that satisfactory results have been obtained by this class.

Des Moines.—Our association here has conducted a credit class under the direction of F. E. Saxton in conjunction with the local

Y. M. C. A. The director of the work has been most enthusiastic about the class and from all reports it appears that earnest and promising students have been developed.

Memphis.—Our association in Memphis has conducted a class under its sole direction and control. The class has received the close study and direction of the local president, J. H. Mangum. Reports would indicate the class was well attended, interesting subjects were considered, and that it was one of the most attractive features of the Memphis work.

Minneapolis.—Our association here has conducted a credit class under the direction of C. E. Mann in conjunction with the local Y. M. C. A., and has also through Mr. Mann given assistance to the University of Minneapolis in its extension course on commerce and credits.

New Orleans.—Our association in New Orleans has operated under its direct supervision and control, a class on credits directed by three members of the association who have given much thought to the course and the students enrolled. The class under the direct control of the association was found to be better attended than when it was operated in conjunction with the extension department of the Tulane University.

New York.—The Credit Education Committee of the New York Credit Men's Association has performed yeoman service under the leadership of Gilbert E. Chapin, chairman. After conducting a credit class for several years in conjunction with the local Y. M. C. A., the committee decided this year to turn the class over to the New York University. The results have been most satisfactory. This class, whose teacher is an active credit man in New York, has a very large membership and is doing remarkable work. The committee, also conducted monthly meetings, open to the entire membership of the local association, and at each meeting a live credit subject was considered. The attendance has ranged from four to seven hundred which demonstrates the value of this sort of work under the local association.

Philadelphia.—Our association in this city has conducted a credit class under the direction of Freas Brown Snyder in conjunction with the local Y. M. C. A. Mr. Snyder has had great success with this class and the students have been most enthusiastic.

Pittsburgh.—Our association in Pittsburgh through its committee on Credit Education, A. D. Sallee, chairman, has done comprehensive work, conducted a credit class in conjunction with the local Y. M. C. A., and also co-operated with the extension departments of the University of Pittsburgh and the Duquesne University. It has aroused interest in commercial colleges in Pittsburgh for the subject of credits and its work for the coming year promises to be even broader than heretofore.

Rochester.—Our association in this city under the direction of the Committee on Credit Education and Management, has conducted a credit class in conjunction with the local Y. M. C. A. No class has given greater benefits to its students than has the Rochester class, and the work is highly commendable.

San Francisco.—Our association in San Francisco has arranged meetings where instructors in the University of California

have spoken on commercial and credit subjects. These meetings were really in the form of a credit class and have proved most interesting and instructive.

Seattle.—Our association in this city has co-operated with the University of Washington in its extension course on commerce



H. S. GAUNCE
J. T. Hardman Hat Co., Seattle, Wash.
Director

and credits. Through H. S. Gaunce and E. G. Lindberg, lectures have been supplied on credit subjects and the work has been graciously received and recognized as of great benefit in Seattle.

Wichita.—Our association in Wichita has not conducted credit classes or co-operated with universities in extension courses, but has contributed lecturing material to short courses which should prove of great advantage at least to retail merchants.

Washington.—Our association in this city has given assistance

to the faculty of a high school devoted to commerce by supplying lecturers on credit subjects and offering prizes to students who reached certain degrees of proficiency. This work has been well received by the school authorities and by the members of our association. The president of the association, A. J. May, and the secretary, R. P. Shealey, deserve special credit for the development of this course.

Chicago.—Our association in Chicago has conducted a monthly class under its own supervision and control on credit subjects. This class has been attended by several hundred at each session, and lively interest has been aroused. It is believed that the effect of this work will be reflected throughout credit departments in Chicago.

Baltimore.—Our association in this city, through George J. Clautic, is conducting a credit class in conjunction with the local Y. M. C. A. While the class is not large, yet its director reports excellent interest and progress. The association is also interested in the extension course that the Johns-Hopkins University organized during the last winter, which is performing a great public service.

Detroit.—Our association in Detroit is co-operating with the school commissioners and during the past winter arranged for a night class in the public schools of Detroit. This was a most interesting experiment, a step in the right direction, and Detroit is sincerely to be congratulated upon doing such progressive work. It is hoped that this class will be repeated in a larger way during the coming winter.

Kansas City.—Our association in this city has conducted a credit class for many years in conjunction with the local Y. M. C. A. under the direction of C. E. Vandel. It has done excellent work and is considered an important feature in this local association's activities.

St. Louis.—Our association in St. Louis has conducted for several years a credit class in conjunction with the local Y. M. C. A. Reports would indicate that the class is well attended and doing proficient work.

Milwaukee.—Our association in Milwaukee has given effective assistance to the extension department on commerce of the University of Wisconsin.

Portland.—Our association here has conducted a credit educational work under the chairman of its committee, Charles H. Hill. It has taken the form of semi-monthly lectures on credit subjects under the department of commerce of the University of Oregon. The lectures were given at the Portland public library and have been well attended.

Your committee considers it a great pleasure to present in this brief but definite way the names of the associations, colleges and universities that are getting squarely under credit education. While unable or perhaps unwilling to advocate any definite character of education, yet it would appear from present tendencies that our colleges and universities should be prevailed upon to devote more of their pedagogical skill on this department, and that our local associations in still larger numbers, should arrange classes where the credit worker or student may obtain knowledge on practical features

of credit work and thus develop the skill of those who feel a keen desire for more knowledge and yet are unable to undertake courses at colleges and universities.

Believing that the year shows obvious signs of substantial progress in this department, your committee in conclusion offers the following resolutions:

I.

"Resolved, By the National Association of Credit Men in convention assembled, that its sincere appreciation be tendered the local Associations of Credit Men, the local Young Men's Christian Associations, the boards of education in the states and cities and the colleges and universities of the land which are working together for the advancement of credit education, and the bringing about of a body of credit workers who will understand the principles, and therefore be better qualified to practice the profession of the credit men."

II.

"Resolved, That there be presented earnestly and urgently to every local Association of Credit Men, the advisability of appointing a Committee on Credit Education and Management to undertake some form of credit education either in the form of a class under its direct supervision and control, or in conjunction with local Y. M. C. A.'s or in co-operation with commissioners of education or staffs of colleges and universities."

III.

"Resolved, That the recommendation of thorough and consistent efforts for the enlargement of credit education comes from a sincere conviction that much of the bad debt waste and also human waste may be attributed to a lack of skill with the credit worker, and that the intricacies of credit demand workers qualified through adequate class training and grounded in the law and principles underlying credits extension.

"Resolved, That with the enlargement of facilities for credit education there arises naturally a demand for text books on credit; therefore, the preparation and publication of text-books under proper control, supervision and editorship should be encouraged and has the sincere commendation and approval of this convention."

Respectfully submitted,

P. J. F. MUSKOPF, Chairman, Buffalo;
W. H. TURNER, Buffalo;
W. F. CHASE, Buffalo;
G. E. CHAPIN, Vice-Chairman, New York;
A. F. MAXWELL, New York;
JAMES E. MAXWELL, New York;
E. G. LINDBERG, Vice-Chairman, Seattle;
R. F. MILLER, Seattle;
O. L. WOODS, Seattle;
T. J. BARTLETTE, Vice-Chairman, New Orleans;
ROBERT LEINHARD, New Orleans;
J. L. RICHMOND, New Orleans;
H. G. COLEY, Vice-Chairman, Worcester;
WARREN S. BELLOW, Worcester;

FRANK KILMER, Worcester;
CARLTON AUSTIN, Vice-Chairman, Grand Rapids;
A. K. TYSON, Grand Rapids;
A. S. MERRITT, Grand Rapids.

Secretary Tregoe moves the adoption of the report and resolutions. Seconded.

PRESIDENT JOYCE—It is moved and seconded that the report of the committee be adopted. Is there any discussion? We hope there will be.

F. R. HAMBURGER, Detroit—It is possible that the members here present might be interested to know something about the experience of our city in dealing with credit education classes, and I promise you that I will occupy just a few minutes.

We have been conducting a class in our city for three consecutive years, the first two in connection with the technical work of the Y. M. C. A., under the direction of an active credit man. Last year we were fortunate in securing the cooperation of the board of education, and assisted by the night school supervisor of our board, we conducted our class in connection with the night school work in the Detroit high school.

I want to make two specific points which I believe are worthy of consideration. The first is that resolution No. 3, if carried out, as I earnestly believe it should be, by the board, will wipe out much of the difficulty which local associations experience in organizing credit education classes. There has been no system, no uniform method by which classes could be conducted. Our committee on credit education was the average committee, possibly the same character of committee which you have in your association.

Now, we are not professional educators. We must be given a textbook. There must be prescribed a course of study. Lectures must be designated, their character must be designated, it seems to me, or should be, by the National office and they should have some semblance of uniformity.

We derived considerable benefit by adopting, in a modified form and somewhat different, the course prescribed at Brooklyn and also by the Cincinnati association, which, I believe, is conducting its credit education class in conjunction with the university.

That is the first principle, it seems to me, the first necessary thing to be done by the Board of Directors. Which has already been done. We have also received some most helpful advice and suggestions from Secretary Tregoe, as we always do, and all this has helped us considerably, yet we still grope in the dark.

Therefore, when we suggested this system to the board of education of Detroit, they readily cooperated with us, but still we found that the director that was given to us without expense to the association, was an attorney who had charge of the class in commercial law in the high school, conducting night classes. He was not a credit man. Of course, he knew something about economics and considerable about commercial law, but what we needed, as it seems to me, is a director who is a credit man, a credit man sitting at a credit desk; and the subjects to be discussed ought to be

subjects that arise in the duties and the work of a credit man every day that he is at his desk.

We did not charge anything for tuition, which was a great mistake. The board of education said, "We will furnish you the facilities, you furnish the lecturers." We did, and the lecturers were, for the most part, active men in our association. They said, "We do not charge. We will do this gratis and it will be no expense to the association. We want your cooperation and we will work together."

We charged one dollar at the beginning of the year for tuition, which was refunded if the student showed an attendance of seventy-five per cent. for the term. We were very much encouraged with our enrollment. We had one hundred and ten enrollments and we had a very good attendance for the first night or two. We had twenty-four lectures on Wednesday evenings. We found, however, that before the term closed we had but fifty of those students left. Possibly many of them joined the class under a misapprehension. Perhaps it did not appeal to many of them. But there was something wrong.

I believe, however, if we had charged a tuition fee of ten or twelve dollars, the student would have placed a greater value upon it. We might not have had the large enrollment, but it would have been much better to have had an enrollment of fifty and to have retained that full enrollment to the end of the term.

Our plans for this year are already maturing. We have our credit education committee already appointed for the year and we have the assurance of the board of education that if we desire to charge a tuition fee, we are permitted to do so. We have used Haggerty's textbook on "Credit," for which we charge the student actual cost. This year we are going to charge the students six or eight or ten dollars. We are going to engage an instructor, a credit man if possible, and pay him so much per night to conduct the classes; and the balance of the money we expect to use in securing outside talent, men who are particularly fitted, credit men who are especially fitted to handle the subjects that will be assigned to them, and we will pay their expenses. With the money thus realized, I believe that we will be able to accomplish results and make a splendid showing during the year.

It is a mistake—which is my second point—it is a mistake to permit students to enroll in an education class, it seems to me, absolutely without expense. We are prone to value a thing by the price it costs, and if we get it for nothing I fear that the student is apt to value it much less than if he were to pay for it.

SECRETARY TREGOE—Were you satisfied, Mr. Hamburger, with the work of last winter?

MR. HAMBURGER—I believe some of the students were not absolutely satisfied.

SECRETARY TREGOE—Were you satisfied?

MR. HAMBURGER—I was much dissatisfied because there were so many backsliders who did not remain in the class.

SECRETARY TREGOE—Why did they backslide?

MR. HAMBURGER—I wrote letters to every single member of the

class who was absent one or two nights consecutively and the answer came back in many cases that the subject matter did not appeal to them, that "We have changed our work and we are no longer in the credit department," and others have left the city and some have changed their employment, their vocation.

SECRETARY TREGOE—You said that some of them perhaps entered the class under a misapprehension. What did you mean by that?

MR. HAMBURGER—I mean that they didn't quite understand what was meant by credit education. They did not know just what was to be taught them. For instance, we had among our subjects, "Fire insurance and fire insurance adjustments." We had an insurance man that responded to that lecture. The lecture partook almost entirely of a boost for the insurance business. The lecturer did not seem to have the proper grasp on just what relation there is between the duties of a credit man regarding fire insurance and fire adjustments.

SECRETARY TREGOE—You had not worked out the proper psychology of the class, perhaps, had you?

MR. HAMBURGER—Why not?

SECRETARY TREGOE—Well, I am asking you.

MR. HAMBURGER—No, you are not asking me, you are saying that I had not.

SECRETARY TREGOE—No, I put it in the form of a question.

MR. HAMBURGER—I beg your pardon. Well, probably I did not. Now help us to work out the psychology.

SECRETARY TREGOE—You speak now of the fire insurance that you brought up in the class. Did you realize that perhaps if you had had some carefully worked-out scheme of study, some ideas, the studies that the student should take, working him up gradually and putting the difficult subjects over later, so that he first had the elements and then he had the later and the more complex subjects, not giving him the complex subjects at first, did that strike you at all?

MR. HAMBURGER—Certainly. I talked with those who addressed the credit class and told them that the credit man is vitally interested in fire insurance and fire insurance adjustments, because in most commercial organizations it is the credit man who places the insurance, examines the policy, sees to it that his firm is protected in case a fire occurs, and I explained the action of the credit man in case a fire loss does occur; but the lecturer did not touch upon those subjects. It was stated as an enlargement of the subject, it was stated that he should handle the subject, handle these different phases of the subject.

SECRETARY TREGOE—You are going back at it again this winter; you are going to repeat it?

MR. HAMBURGER—Yes, we are.

SECRETARY TREGOE—You believe, then, in credit education?

MR. HAMBURGER—Oh, most assuredly. I do not want to create an opposite impression for a moment. I am an advocate of credit education. We need it. I want to make it effective, however. I want the student at the end of the term to say, "I got my

money's worth and I am satisfied and I want to come back next year." And we should have a one-year course and a two-year course as well, so that the student who partook of credit education the first year might come back the second.

SECRETARY TREGOE—Dismiss the witness.

E. S. GILL, Seattle—The University of the State of Washington, located at Seattle, has evinced a great deal of interest in establishing university extension courses, and in conjunction with the credit men's association of that city, established an extension course on credits two years ago.

The lectures and instruction were given in a hall downtown, not out at the university, and while a professor of the university had charge, the instruction was given by members of the credit men's association who were delegated to that work under the supervision of a committee which had charge. The members of the committee last year were H. S. Gaunce, whom many of you here know, one of the directors of the National Association, and E. G. Lindberg, the president of our association.

We gave a series of twenty lectures, one every two weeks—or instructions, and the students were given, as nearly as possible, something about the practical work of a credit man. We found that one of the great factors lacking was adequate textbooks upon the subject. Most of the lectures given two years ago were published in the financial page of the leading morning paper on the Monday following their delivery, and we discussed the matter a year ago of compiling all of these lectures and publishing them in book form, but when the committee ascertained the cost, we felt that the association could hardly afford to undertake it. Nothing was done therefore.

But we believe that we have accomplished a great deal of good. The work is now well established and the students attending have been deeply interested. We have not had the falling off that seems to have been Detroit's experience. A small fee is charged, an entrance fee of five dollars at the beginning of the year, by the university to pay the cost of whatever supplies are used and any balance is refunded at the end of the year. We have had an average attendance of fifty, I believe, but I can not give the exact figures as Mr. Lindberg did not give them to me.

SECRETARY TREGOE—Mr. Gill, where do you get your students? who are they?

MR. GILL—Young men; generally they are young men from offices who are working in mercantile establishments who are anxious to better their condition.

SECRETARY TREGOE—What do you mean—better their condition?

MR. GILL—Well, to prepare for something more than a mere clerkship in the house where they are employed; to become the head of a department, the credit department, if you please.

SECRETARY TREGOE—You believe that you are doing good work in the class?

MR. GILL—We do, very good work.

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MR. GILL—I do. We are doing good work. I do not know that I can cite any specific instances of promotion to credit departments, but I do know this, that some of the students in the department a year ago last winter are now assistants to credit men in some of the larger houses.

SECRETARY TREGOE—That is fine; that is good.

A. J. GAHR, Cleveland—No one can have heard the report read by Secretary Tregoe without having a definite and more complete hope for the future. We all labored somewhat under the difficulty of not having a model or ideal of a course to true up to, and with your permission, Mr. President, I would like to add this resolution:

“Resolved, that the incoming Committee on Credit Education and Management be directed to define and outline a proper and adequate course on credit and allied subjects, in conference and collaboration with educators of recognized standing.”

MR. HAMBURGER—I support the resolution.

G. J. CLAUTIC, Baltimore—I want to answer Mr. Hamburger regarding the attendance at night school courses. I have talked with educators who have had experience with night schools and they have said that their experience has been that if you end with fifty per cent of your original enrollment, you are striking an average.

I had the pleasure of conducting the course at the Baltimore Y. M. C. A. last year, and as the two previous speakers have said, I had nothing at all to go by. I had to find out what information I thought a student should know, had to get that information and prepare it in a form to deliver it to them. We used a textbook, Haggerty's “Mercantile Credits,” but I found it did not fill the bill. We used also “The Credit Man's Diary,” and found that to be excellent in giving the laws on credits.

Our class lasted about two hours. We had the textbook, then we had mercantile reports. I brought from the office several reports, and each student had the opportunity of saying whether he would pass on a credit for a certain amount of money in these cases. They were most instructive and interesting. After that, we had experts in the different lines of business come in and talk on their work. We had the cooperation of some of the best men of our city, the presidents of our banks; the superintendent of Bradstreet's talked on the mercantile agency, gave us the whole history of the mercantile agency, how they get the reports and the mercantile agency's point of view, their side of the commercial report.

We had retail credits and we had the bankruptcy law and the bulk sales law. The counsel for the Baltimore association, Mr. Lauchheimer, talked on the bulk sales law, and Mr. Tregoe was good enough to make a special trip to Baltimore to talk on the “Causes of Panics and Depressions.”

At the end of the course I asked each student to tell us frankly what he thought of the course and what suggestions he had to offer. The criticisms were helpful. Some of them criticised the textbook. They liked the analyzing of commercial reports. They

said that they gathered a great deal out of that work and that they also got much out of the talks, but as Mr. Hamburger has said, we need a line of study, an outline of a course, so that as instructors we will know what to give the students, and a textbook.

I understand that New York has published a textbook that is the best out as yet on credit work, and we are going to look into that and perhaps use it next year. But we are only scratching the surface. We are only at the beginning of this great big subject, and it wants to be given a great deal of study; and with the co-operation of the committee, we are going to give a good course in credits.

G. H. GRIFFITHS, Cleveland—I am anxiously looking forward to the time when this matter of credit education will be a part of the direct work of the local association. I do not think that the association should attempt to do this work by proxy, as some are doing at this time. It may be convenient and it may be some excuse for our laziness, but in my judgment the fact remains that our duty is to do the work ourselves.

There is a phase of the credit education which at present has not been touched upon and one in which I myself am particularly interested, because I have seen the good effects of my own work in that direction. I think that we have a big task in front of us, but one worth while, and that is to educate our salesmen in credits.

The sooner we can get our salesmen to realize that goods are not sold until they are paid for, the sooner our troubles as credit men will cease. (Applause) I have had the gratification during the last two months, after a fight of two or three years, of getting that fact recognized by some of our representatives. It so happens that just before I left the office a few days ago, I had a letter congratulating me on a certain point, written by one of our representatives, in which he said that he had come to realize that the salesman should work in harmony with the credit man, he should regard him as his real friend and not as in any way antagonistic to his best interests, and that he had also come to realize, just as I myself had said on many occasions, that goods are not sold, finally sold, until they are paid for; and he had also come to realize that it helped his sales when collections went promptly. He had had an example of that kind, I know, where we had insisted on collections being made, he had had to make them, and then he could with good grace go after more business which he would have had to sidetrack if he had not made that collection. So if we can educate our salesmen in the art of credits and the practice of credits, we are doing something worth while.

Now, another phase of this credit education question is this: I think that we as credit grantors are somewhat selfish with regard to those who are following after us. The sooner we get away from the idea of being scared of our jobs, the better. I said to a young fellow about three years ago, when in another class of work, "Fred, I want you to push me out of my job." He looked at me in surprise; he had never heard of such a thing before. He said, "Do you mean it?" I said, "I mean exactly that, and I am going to help you to do it, because if I can train you for my job, I will get a better one."

The sooner we realize that if we are capable of training a man to do our work as well as we do it ourselves, it is to our advantage, the better it is for us, because even if our own concern can not give us the recognition we deserve, we are going to get it from another concern, and it is the proper thing to do. We must not be afraid of educating those who are coming after us in the work that we ourselves are engaged in; so I say let us throw aside all selfishness in this matter and take a delight in teaching the young fellow how to do his work. If you like to look at it from a selfish point of view, in that way relieve yourself of many of your duties and little details.

In that connection, I have a family of swimmers. We are all swimmers.

SECRETARY TREGOE—What do you mean by swimmers?

MR. GRIFFITHS—Don't you know what swimming is?

SECRETARY TREGOE—In water?

MR. GRIFFITHS—Oh, yes, as a rule. (Laughter)

PRESIDENT JOYCE—What is the exception? You say "water as a rule." What is the exception?

MR. GRIFFITHS—When we come to New York. (Laughter)

PRESIDENT JOYCE—I just wanted to make that clear.

MR. GRIFFITHS—And I wanted to use this very simple illustration. My boy has been swimming—well, I got him used to water when he was a year old, and at four years of age he was a swimmer, but he wasn't a swimmer because I chucked him in the water and said, "Now swim." He was a swimmer because his father just put his hands under him in the right place and gradually helped him along and he felt his own responsibility, felt his own power. Finally the father let his hands go and the boy did not know it and he went on and swam by himself after that.

We can use that as an illustration. We must take these young fellows and say, "We will help you. We will guide you with our hands and finally drop our hands and let you do the work yourself."

Let's not be afraid of our jobs. (Applause)

SECRETARY TREGOE—Judging from the applause, you must have said some good things. What did you mean by "educating by proxy?"

MR. GRIFFITHS—When we as credit men are anxious to turn over our work to the board of education and the Y. M. C. A. instead of doing it ourselves. I claim that we have in our association men who are capable both of teaching because they know how to teach and also because they have the material with which to teach; otherwise they have no right to be in their jobs.

SECRETARY TREGOE—You think, then, that credit information should be kept within the organization?

MR. GRIFFITHS—As a principle, yes.

SECRETARY TREGOE—Now you said something about educating the salesman. How can you do it?

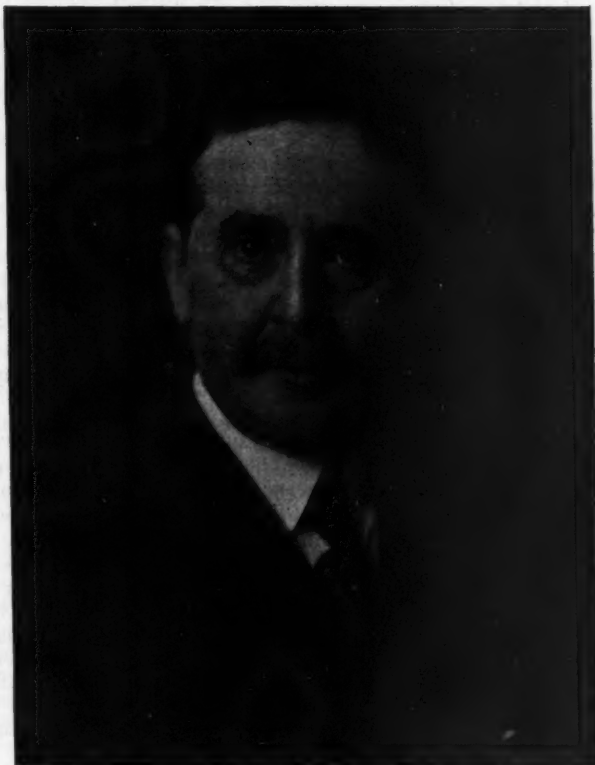
MR. GRIFFITHS—Get them right there and say, "Come now, look here—"

SECRETARY TREGOE—Get them right where?

MR. GRIFFITHS—Right on my desk, if necessary—anywhere you can get at them. That is "right where," where I can get at them.

SECRETARY TREGOE—You mean in the daily duty, the daily work, taking a man—

MR. GRIFFITHS—Well, I will use this illustration: We have



R. H. GAY
American Can Co., San Francisco, Cal.
Director

perhaps five or six of our men coming in during the week to bring in orders and to argue credits. (Laughter)

SECRETARY TREGOE—He is a pretty good witness, isn't he?

MR. GRIFFITHS—It seems to me, Mr. Secretary, then we have him right there and then is the time when we can educate him in credits. Say, "Now wait a moment. Here's the situation you are presenting to me for my decision, as the custodian of the purse of this organization. What would you do? Come now, don't back out of it. What would you do in this case?" And more than

once he has said, "I wouldn't pass the order." I say "All right, you can come to that stage before you come to me." (Applause)

SECRETARY TREGOE—Well, I have tried pretty hard to get you twisted up, but I can't. I think we had better let him go, don't you think so?

EUGENE ATKINS, Omaha—I want to take just two or three minutes and tell these credit men how we worked out this credit class problem and how it can be worked out. I heartily agree with the proposition that it is wrong to turn the work over to someone else. We conducted our class in conjunction with the Y. M. C. A., and with all due respect to the Y. M. C. A., we could have done a better job ourselves. The reason—I found afterwards—was that a great many of the young men did not grasp the idea that it was a business proposition conducted by business men.

We took the Enfield "School of Credits." We took it not so much for the book and system there set out as to get a line on a consecutive way of handling it, and then we worked our own course out. We divided it into subjects and we got practical credit men from each line to come and talk to us. We took the precaution beforehand to give each man an outline of what we were trying to do as an entire course and what we were trying to do on the individual question that he was asked to talk upon, and we kept at him until he grasped the idea of the way he was to present the proposition.

The first thing we had in the evening was the address, and we told the lecturer that he must prepare himself to be quizzed. That is the biggest value of any educational proposition, getting your audience to ask questions. Get right down into it. Ask questions yourself and that produces questions in the minds of other people. We left the lecturers alone until they were through talking, and then if the class did not ask questions, the instructor did.

The instructor was the president of the local association and he looked after the entire course. He only handled one topic himself, which happened to be the topic that he was most familiar with, and that was the proposition we followed all the way through. I am afraid that we hurt the feelings of one or two members of the association because we did not ask them to talk. It was not that we did not want them to talk, but there was some one best man in the association for each subject.

Now, the way to handle this thing is to get your credit men interested; get the best live wire the association has and put him at the head of it. Make your arrangements so that you can have your class anticipate them. Draw your students from the young men who are bookkeepers and clerks—shipping clerks, if you like,—any young man that is ambitious—and spread your information among all the business houses and get them to help you advertise. Get those young men up there and get them interested and let them know that they are going to be taught by a man that knows about the job.

We made one mistake which was forced upon us by the Y.M.C.A. We charged either fifteen or eighteen dollars, I forget which, but it was too much. A number of the concerns paid this tuition,

but a number of young men who wanted to take the course, simply could not afford it. Ten dollars would have been plenty. We would have had twice the enrollment and twice the interest. So do it yourselves and do it right.

R. G. ELLIOTT, Chicago—We must not overlook the fact, in dealing with credit education from the standpoint of general education, from the standpoint of professional educators, that if we are going to take men outside of our credit departments and manufacture ready-to-wear credit men, we have a big task on our hands. If we are going to take men from the credit departments and make better credit men of them, then it seems to me that the education should be entirely within the association. We doubtless have enough brains in the National Association of Credit Men to make good credit men out of all of our members and their assistants.

It does not seem to me that the necessity is for books on credit. Probably no one man in the organization has the general knowledge which is necessary and the inclination and time necessary, to put it in book form in such a way that it would be a general book on credit education.

The plan that we have followed has been a good deal like that of our friend from Omaha. We picked the man in some particular line who was best fitted to handle some one phase of the great subject of credits, encouraged the asking of questions, the open discussion, the quiz such as Secretary Tregoe so ably conducted at the state conferences this year.

DR. J. T. HOLDSWORTH, Pittsburgh—Out of about twenty-five years of experience as a commercial educator, I have learned many things and I have unlearned many more. I am profoundly interested in this question of credit education. The Y. M. C. A. has started a kind of work that it ultimately surely must drop; and the association has not yet begun to see the possibilities of work in credit education along particularly carefully organized lines that it ought to have thought out, Mr. Tregoe, four or five years ago.

We have had some pertinent points raised tonight. The first fundamental thing is that your education course, whatever it is, is going to fall by the wayside unless you have a good, live, well-informed and enthusiastic instructor. Now, it is not any discredit to a man who has been attempting to carry on education courses for me to say here in your presence—I am a member of the Pittsburgh association and I am talking as a credit man as well as an educator—that the business man not once in a hundred times knows how to put it across. Teaching is a profession. I have been studying it for twenty-five years and I know mighty little about it yet.

Now, you have superior capacity to me. I say it honestly, modestly.

SECRETARY TREGOE—Do you mean it?

DR. HOLDSWORTH—Many of you have superior capacities as teachers. Some of you made a mistake. You ought to have been teachers, many of you, and you are getting into the game now. Get hold of that man and hang to him if you have a man who really has the teaching capacity in his make-up and can really put it across.

Mr. Hamburger, the reason your group fell down was double. First of all, it had nothing to do with tuition, though the gain is in favor always of tuition, for the reason that you have assigned and others, that if you are paying for something you are going to try to carry it through. But it rests fundamentally on the fact that you, standing up before the class, have to have a message and you are sure you have got to get it across, and then it is going over, it doesn't matter whether you call yourself an educator or a credit man or what.

There is one concrete suggestion that I have to offer. I said the Credit Men's Association was slow in getting into this game. We have had credit courses in the evening school of economics, attended by some eleven hundred men and women. I have just now discovered that there are some women in this audience, and men, we are going to have a lot of women associated with us in business before this war is over, and they must be trained just exactly as young men must be trained for efficiency, as you are training yourselves and training your associates and training your subordinates in these various groups that are coming along.

And men and women, I want to say this before I make the concrete suggestion that I rose to my feet to offer, that too many of the speakers, reflecting I suspect, the general feeling in this body, because your business heretofore has not been teaching, but you are all thinking about it tonight—that too many of us are thinking of credit education as something set aside by itself.

Credit is only a part, a tremendously, important and integral part of business preparation, but it is only a part, and if you are going to give a course in credit education that is bounded in its latitude and longitude by an understanding of the things that go into your daily make-up in credit granting, I submit that you can not put it across in offering a single Y. M. C. A. course or any other kind of course in credits. You must broaden out your scheme of education.

Lucky are you men who live in towns where you have a university running a night school, as we have. I have said there are eleven hundred in that school. There are Philadelphians here tonight, New Yorkers, Cincinnatians—Mr. Richey is working out a scheme that is admirable, for we have talked about it together—and in many other places that I will not take the time to enumerate, you have evening schools; and if you have not, and you did not listen to me when I came up to talk to you and was so delightfully entertained last winter, it is time for you to start an advanced school of commerce in the evening or university grades, and you can do that in every city in this country with a population of fifty thousand.

You can get your credit men's association behind or your chamber of commerce, better both, every trade organization you have, and underwrite the proposition of an evening course for the training of young men to fill your shoes and make better business in this country, and that means not only a credit education but it means a course in business law, it means a course in money and banking, it means a course in insurance, it means an educational

program planned in cooperation by the credit men's leaders and the educational leaders in your group.

Do not disassociate these two. More and more educators are coming to learn—want to learn, at any rate—something about business, and thank heaven, there is a roomful here of credit men. You men are beginning to think seriously and soberly about the actual problems of credit and business education; and an education program is going to fall down everywhere—I mean to say, fall down, measured in terms of its potentialities, of its possibilities, of its real reach—unless you broaden out your program until you have an educated man. You men know there are good credit men, fair credit men and bad credit men, and there is another grade that I will not mention because there are some ladies present:

You are what you are in proportion as you are educating yourself in some way. Some of you are taking correspondence courses, the Alexander Hamilton Institute course, for instance. That's all right, but the young man coming up must be better trained than you are if he is going to give to this country the kind of business progress and the kind of business efficiency that it must have in meeting the tremendous commercial problems that are going to confront this country now and immediately after the close of the war.

And so I beg of you, where you have a university, use your university. Some of them are asleep. Use your state universities. Compel your universities to put in higher commercial work for you have the power. As an organization you have not begun to measure your power yet. You have the power to compel your universities to carry extension courses out into your small towns, so you will not be compelled to rely absolutely and essentially upon your own membership.

My concrete suggestion is this. I have been mulling over it for some little time, and I am most happy that you have given me the chance to get it out of my system tonight. A number of years ago the bankers recognized that they knew mighty little about banking and that the young fellows that were coming up—

CHARLES BIGGS, New York—They know mighty little yet, sir, mighty little yet.

DR. HOLDSWORTH—And the young fellows coming up had to be better trained. The federal reserve system is a hundred miles ahead of the old system, especially with these amendments that went through day before yesterday, and the banker knows that he can not have the bank business conducted on the old level and somebody in the organization has to be trained to travel on that higher plane, on that higher level; and a number of years ago—my memory does not serve me as to how many—there was organized the American Institute of Banking. Most of you know something, at any rate, about it, and that institute is based upon thorough courses repeated year after year, closely wedded to our evening school of economics. I am the godfather of the American Institute of Banking in Pittsburgh, and it is one of my finest children, as I think of them.

In many other cities it is the same way. The universities are

taking hold of it and giving broad-gauged courses even beyond the level of the requirements prescribed from New York by the American Institute of Banking.

That same kind of thing can issue out of the central organization of the credit men's organization, and you can have a carefully planned course covering, on the one-year course, the bookkeeper that you talk about, and the mail clerk, the fellow who has ambition in his soul and an eagerness to get on. He will make a good credit man, mayhap, if he has the right kind of training. Get him started. He is not ready for advanced credit, but he is honest and says, "I do not know very much about credit and I am willing to go to school and study"; and that is the thing that your organization must get behind.

But the thing I am pleading for is that you will make it possible for my university and other universities to go out and say to the credit men, "Honestly, your course is not what it ought to be. Let us come and sit around a table, you business men and you educators, and thresh this thing out together, co-operatively, until we have the best course possible to make," and then have a committee appointed whose business it shall be to organize a course for the Credit Men's Association of America, a uniform course that may be varied from place to place to suit local conditions, of course, and have a diploma granted for the completion of one, two, three years of study, until you have a level established of credit intelligence and credit training that will be a justification for our existence, a bettering of credits everywhere, a tremendous thing for the Credit Men's Association to do. (Applause)

SECRETARY TREGOE—If it were not so late I think you and I would like to quiz Dr. Holdsworth just a minute, but it is late.

PRESIDENT JOYCE—We will now vote on the resolution as proposed by the committee, with the addition of the resolution made by Mr. Gaehr and seconded by Mr. Hamburger.

The motion was carried.

J. L. RICHEY, Cincinnati—I did not want this opportunity to go by without saying that the groundwork for the Cincinnati branch has already been laid in this organization, to be known as the Cincinnati Institute of Credit. (Applause)

PRESIDENT JOYCE—We will now hear from Mr. Seidenspinner, an address on "Observance of Sales Terms."

Sales Terms and Their Observance

ADDRESS BY A. SEIDENSPINNER, SHEBOYGAN, WIS.

Civilization, so says an axiom as old as the hills, has brought to mankind manifold blessings and benefits. Likewise have modern business methods following the great and, as you will admit, almost phenomenal development of our system of commercial intercourse or exchange, been accompanied by reason of these complex operations, necessarily by untold blessings and likewise too, though

perhaps unnecessarily, by many an abuse, causing you credit men many a headache.

I am to bring before you at this time, one of the abuses, the solving of which is one of the questions confronting the business men of today; one which has disturbed the peaceful dreams of credit men from time to time, "Sales Terms and Their Observance." Much has been written and more has been said on this topic in general, but I will at this time, take up one phase of it only, one that I believe, all will agree is of vital importance, viz: the "Cash discount privilege and its abuse," *i. e.*, the taking and allowing of the cash discount after the expiration of an agreed discount period. Note please, that I say—taking and allowing—for the latter is as much an abuse, in fact, to my mind more so, being absolutely unnecessary, than the former. This, it seems to me, is an ever growing evil or abuse and something must be done and that speedily, to eliminate this violation of sales terms, which in plain English, would be called a "breach of contract," for unless a halt is called and a decided stand is taken, we might as well discard the discount for cash from our terms entirely, fold our hands and take whatever is handed us. At no time since this abuse has grown to such proportions as to make it a menace to sound business practices, has the time been so opportune as the present, for a determined and effective campaign to strike the death blow to the practice.

Business is exceptionally brisk in almost every line; collections are better than for some time back. Dealers are clamoring for goods, all of which tends to make this, as I said, the logical moment to let our customers know that we have something to say as to our sales terms; that they mean what they say and will be strictly adhered to. Perhaps we are, in a measure at least, to blame for the bad condition that exists because the practice of allowing the cash discount at any time, irrespective of agreed periods, is one condoned at first through fear or the pressure of competition and then permitted to grow to its present almost overwhelming proportions, through neglect and carelessness, but there is absolutely no reason nor excuse for continuing in this path. It is contrary to good morals and certainly to good business, to submit passively to so flagrant a violation of contract and thus lend, if you please, actual encouragement to this practice. It is unfair to the honest dealer who conscientiously carries out his agreement and the argument that such irregularities must for the sake of policy or future business, be "winked" at, is in my judgment, no defense whatsoever. It is a form of commercial cowardice no up-to-date business man will longer permit to rule his business. This evil can be corrected if credit grantors will but make a firm stand and resolve, as individual credit men and as an organization, to take a united and definite stand for right practices, and firmly resist any attempt on the part of customers to be coerced into forfeiting rights. The threat to withdraw business or the proof that other houses "weak kneed" and lacking moral courage, are doing it, permitting abuses should not change our temper a particle. But we cannot hope to make any progress against commercial

fraud unless the credit men of the nation resolve—even at the cost of an occasional account—to insist that sales terms be absolutely adhered to. Banks can and do enforce to the letter, you will admit, I am sure, their terms, and insist that obligations due them, be met to the date. Not so to meet them would at once mean the loss of credit and a money penalty as well, in the shape of interest on an overdue obligation. Why, may I ask, should a mercantile obligation, involving the same principle, be treated differently? There is absolutely no reason that will stand the test, why mercantile obligations should not be treated with the same sacred respect that bank obligations are.

Ask yourselves, what after all, in plain English, is the taking of an unearned cash discount, but a deliberate steal and how far can you legitimately go in demanding your rights in a case of that kind? Is not taking an unearned discount just another way of working the old time-worn, short-change game? Let me in a crude but to the point little illustration, bring this home to you. Suppose this self same dealer, who is working you for an unearned cash discount, should purchase at some store an article priced at eight dollars and handed the clerk in payment therefor, a ten-dollar bill, and he in turn was handed a dollar and a half in change, with the remark "We'll do better next time" or some such similar excuse, such as given you time and again, to get by with the discount. Would he quietly submit, pocket the change with a smile and walk away? I venture to say "No." There would be a decided protest on his part and what is more, the other fifty cents would be promptly forthcoming.

This is a simple illustration but it is to the point. Let me ask you, therefore, seriously and in all fairness, why should you continue to submit to being imposed upon in this manner day after day. The excuses offered, to work you for an unearned discount and unfortunately to the detriment of sound business practices, too often accepted in good grace, are varied; oversight in some department or another responsible for checking for payments; the bills, delay in transit; poor local collections and what not; but again let me ask you, are you legally or even morally responsible for any of these things, that you should be asked and made to pay for them? Most emphatically, "No," and it lies with you credit men to remedy this.

It is indeed encouraging to note that there is an ever increasing demand and a growing sentiment for the abolition of this abuse. Manufacturers, jobbers and wholesalers in many lines, are striving hard to weed out the practice and in a measure are succeeding, so far as their particular trade is concerned, but the effect of these individual efforts, while good, is not far reaching enough. Coming in this way, in individual protest, it is too weak to be lasting. It needs a decided and concerted effort on part of all interested in the question, for as the old saying goes "In union there is strength." To my mind there is today no other organization better equipped squarely and effectively to meet the situation, than the National Association of Credit Men, comprising among its members, as it does, representative concerns in every conceivable line of mercantile and manufacturing business. A

number of local branches of the Association have taken up the fight and have taken a decided stand in regard to it, with telling effect, proving conclusively that if it were universally agitated and the adherence to sales terms demanded and practiced, the question would soon be permanently and satisfactorily solved, and I should like indeed to see this great national convention of representative credit men, go on record today, as pledging themselves as individuals and as an association to take part in the fight against terms abuse.

Of course, there are some I know, who will be tempted to say that they are not personally interested in this, but let me say, that in the broad sense of present day practices, whatever hurts any legitimate business, hurts each, whether directly or indirectly, and it is the interest as well as the duty of each, to aid in any movement looking for the abolition of a trade abuse.

Now, what can we do to bring about this reform? Opinions differ and I hope a goodly number will give expression here today, from which we can glean the best and most practical suggestions to embody in a resolution pledging ourselves to a uniform line of action—let me state that in my opinion one most effective method is to turn down every short remittance received, by which I mean, send back the remittance; do not apply it on account and try to collect the discount later. While you may get the discount occasionally by the latter means, you do not impress your customer as absolutely sincere and determined. Furthermore by this action, the creditor is open to criticism on the ground that he was in possession of the check before the bill was due on net terms and thus a certain interest charge is due on the check rendered.

Two wrongs never made a right and if we are to be successful in this fight, it behooves us to be absolutely fair.

Send back the check or draft and insist upon a full and corrected remittance. You are entitled to it and with a little backbone, unfortunately missing in so many of us, in a matter of this kind, you will get your own and soon see most gratifying results. With such action coming from all sources and at all times, the dealers would soon awaken to the fact that they are not the victims of a whim or individual protests, but rather facing a decided, determined stand on part of all, for what in the final analysis after all, is nothing more nor less than your legitimate dues.

This Association, in defining cash discount, says: "Discount is a premium given for payment of accounts within and on stipulated terms and should not be claimed or taken if not earned," this is correct, but I would go farther and add, "should not be granted if not earned," and then rigidly adhere to the definition.

No doubt some will say to this "It cannot be done; it will lose us accounts," the old cry, the knowledge of which is just what the violators of terms are fully acquainted with and taking advantage of, but it can be done and you will find that while here and there you may lose an account, no great battle was ever fought without some loss, nor reform brought about without a struggle, yet you gain in the end, not only in getting payment for discount that you

formerly granted unearned, and which I know you will agree with me, amounts to quite an item in dollars and cents and which you can all well use on the profit side of your ledger, but the most important gain is in the fact that you have educated your customers to a higher plane of business ethics, to know that terms are a part of the sales contract, not lightly or arbitrarily to be waived aside. To my mind, that alone is worth the loss of a few accounts. Besides, it will be admitted, I am sure, that the customers who indulge in the violation of contract terms, are not always the safest and certainly not the most profitable accounts to have on one's books and their loss in the end is likely to prove a blessing in disguise. Again, my personal experience has shown me that sooner or later, the sore account comes back into the fold a much better customer in every way, than if we had allowed him in the first place, to dictate the terms regardless of those set at contract of sale.

Another step vastly important is to convince the sales force that your position is fair and equitable, that terms with you mean what they say and are not subject to divers interpretations and that the enforcement of them will result in advantage, not for oneself alone but for the ultimate good of customers and the trade at large. Most salesmen like the proverbial man from "Missouri" must be shown, but once convince them that you are only asking what is right, and they will, if they are salesmen, and not merely order takers, become one of the strongest links in this campaign for improvement and education.

Another and perhaps still better solution, but one which I am afraid will take more time and effort in its accomplishment, necessitating as it would, a complete revolution in our present business methods, would be the adoption of the European method, better known as the "Trade Acceptance." The idea, while new and seemingly revolutionary to American business men, is old and successfully carried out in European countries. The adoption of the trade acceptance method of closing accounts, made practical through the establishment of Federal Reserve banks, would readily lend itself to the elimination entirely of the cash discount, making all bills due net, thus destroying the cause of so much friction invariably growing out of the deduction of an unearned discount and further eliminate the temptation of taking a few days more for the payment of the bill than your contract calls for or allows. Not only that, it would do away largely with the ever present tendency to overstock, for a dealer, knowing that his acceptance is out and must be met, will be more careful to contract for no more than he is reasonably certain to be in position to meet.

I can not here go into a discussion of the merits of the Trade Acceptance, but it is worth the time of all to give thought to any of the various pamphlets issued by this Association, as well as banks, and mercantile houses bearing on this question, the reading of which will give a clearer idea of the merits and feasibility of the acceptance.

Briefly let me say to controvert a popular but erroneous impression, that the Trade Acceptance is not a note, but merely an order so to speak, on the bank to pay a given sum on a certain

date—the acceptance covering a bona fide present delivery of merchandise, and not a past transaction or indebtedness.

The argument that the signing of an acceptance is a reflection upon the credit of a dealer can be met by the statement that inasmuch as a Trade Acceptance expressly covers an invoice for goods just shipped, it can in no way reflect, but rather enhances his credit in that it indicates his willingness to give for a debt



A. E. GILSTER
Amos-James Grocery Co., St. Louis, Mo.
Director

legitimately owing, a negotiable instrument in place of an open account.

This whole thing, after all, resolves itself into, a campaign of education, calling, to be sure, for backbone and perseverance on one's part, but once get the dealer educated to know that terms are terms and not mere idle phraseology, hammer away at that until he knows it beyond the shadow of a doubt and the question will be

permanently solved, for it is one of the fundamental facts of psychology that the constant reiteration of a principle causes it at last to become part of our thinking.

This Association now has, I believe, in use a sticker calling attention to discount taken but not earned, and requesting remittance for the same, but to my mind, while this may here and there get you the discount, only to have the same thing tried again on your next remittance, is the wrong course to pursue. It is like locking the barn after the horse is gone, or crying after spilled milk; both useless operations and wasted effort. If a sticker is to be used, I would advocate one that would act as a preventative rather than a cure; a sticker to be used on the invoices themselves as they are sent out, calling in language plain and unmistakable, particular attention to the discount terms, showing in dollars and cents what the discount amounts to and emphasizing strongly the fact that these terms will be enforced and that the discount means a remittance on or before an agreed date, clearly stating, no remittance within that time, absolutely no discount; thus preventing at the outset, the tender of a short-change remittance. As it is only by concentrating every possible influence on the education of the dealer, that we may hope for any permanent result, let us as credit men unite to secure the co-operation of the firms we represent, for a determined and persistent effort to abolish this abuse, so that the dealer, no matter where or what he purchases, will invariably be confronted with the same fact stated above, that "Terms are Terms," and must be lived up to, and then what is most important, ourselves adhere to the letter to these terms and enforce them, even if at the cost of an occasional account, and it will not be long ere this vexatious question is solved.

I trust that my treatment of the subject convinces you of my sincere belief that the abuse of discount terms can be abolished and that this organization can largely aid in bringing about the "Millenium" in commercial practices, but remember too, whatever we do, depends for its success, not on the credit men, as an organization alone, but rather on the loyal support and earnest endeavor of each individual member. (Applause)

PRESIDENT JOYCE—We had hoped tonight to have some further discussion of trade acceptances, but we shall be obliged to forego that and—

SECRETARY TREGOE—Before proceeding with the next report, I would say that it is evident that Mr. Ransom of Wichita has something in his system and I fear the consequences if we prevent him from speaking. Give him three minutes.

F. T. RANSOM—I wish to introduce a resolution bearing on the trade acceptance, to the effect, that at the September meeting of each local association, the subject be the "Trade Acceptance," (applause) in this way bringing about a united effort from one end of the country to the other on this proposition.

I would suggest, of course, that this be in charge of the local banking and currency committee, with this additional suggestion, that instead of the banking and currency committee attempting to

put that before the local body, we ask each industry represented in the local association to come forward with its objections. Put the objector on the offensive and make him give the reasons why his industry can not use the trade acceptance. If the local committee can not answer any objections, then let the local committee take that question up with Secretary Tregoe and the National office, and give the answer out at the next meeting.

As a banker I wish to say this: The old financial statement is obsolete and the modern banker does not pay much attention to accounts receivable. You must come down and show how much is due within thirty days or sixty days, within the terms of your sales.

I never had this so impressed on my mind as several years ago when I heard Potash and Perlmutter discussing their financial statement. One of them said, "Well, shall we put this man's account in the statement?" The other one said, "Why not?" He says, "It is so many years old," and the other one says, "Well, he has never refused to pay it, has he?"

Now that is the very point about the bills receivable. The first thing that occurs to a banker in the analysis of a statement, is "Of what value are the accounts receivable?" If he has trade acceptances, the merchant will draw a larger line of credit and get a lower rate interest rate. (Applause)

R. T. HOPKINS, Nashville—I want to say a few words about the trade acceptance. The trade acceptance is my special hobby. When we know that we can get together, as fine a body of men as is represented here, in a local gathering, in the person of the members of the National Association of Credit Men, and know that we are combined with and backed up by that splendid body of men, representing the banking interests of this country, I can not see, sir, why this matter should be delayed indefinitely.

There is no question about the fact in the minds of every one of us that it is a natural and legitimate panacea of more commercial evils that exist today than we have ever had an opportunity to embrace, and it is with a great deal of pleasure and satisfaction that I most heartily second the motion that has just been made.

Mr. Ransom's motion was carried.

PRESIDENT JOYCE—We shall now hear the report of Charles Biggs, the chairman of the Committee on the National Bankruptcy Law.

VERNOR HALL, Dallas—Here is one of the most important reports that is to come before this convention. The hour is late. There is no time for a proper consideration of this report. I therefore move we adjourn until tomorrow morning, if such a motion is in order.

PRESIDENT JOYCE—A motion to adjourn is always in order.

Motion to adjourn seconded.

PRESIDENT JOYCE—All in favor of adjourning until tomorrow morning, signify their assent by saying "Aye," contrary, "No." The motion fails; we stay.

SECRETARY TREGOE—Let's all sit down and hear this report.

PRESIDENT JOYCE—The motion failed, but if you are going to go, I will go with you.

SECRETARY TREGOE—There is a feeling of unrest here. I thought we would all sit very tight until at least eleven o'clock. Perhaps it will not be possible to go through that bankruptcy committee's report in the time allotted to us, but I do not want to rush the program, Mr. President, and you do not either. It is so full, it has been so interesting; so now we can compromise on that. We will not have the Bankruptcy Committee's report, but I will go out and get the report of the Business Literature Committee. It will take us about ten minutes to finish that and get that out of the way, and we will hold Mr. Biggs' report over.

Secretary Tregoe presents the report of the Business Literature Committee as follows:

Report of Committee on Business Literature

In times such as we are passing through, there is great danger that men go wrong in their thinking, and this danger is one which all men, whether they write for publication or are merely readers, must guard against. We live in a period marked by a level of prices for labor and material higher than we have ever experienced and we are engaged in a gigantic world war, the end of which no man is bold enough to predict; the world has not for generations run so close to the dividing line between enough and want; governments are going through a process of transformation, the final results of which cannot be predicted; while the waste of war goes on in enormous scale, severe economies are being practiced in many of the ordinary affairs of life and a halt is being called in many of the usual lines of business endeavor. All this means that the demand for credits is such as the world has never before witnessed.

That there should be, therefore, confusion and doubt is in no sense strange, and the responsibility of those who speak to business men today, whether directly, or through the printed page, is great indeed. The writer must inspire, but he also must endeavor to help men to be clear thinkers, able to penetrate through the maze of doubt into definite conclusions.

And this is especially true in the publications of the National Association of Credit Men because credit men, the members of our Association, are being looked to more and more for leadership by their customers and associates, as they emerge from the machine type of credit grantors into the men of ideas.

This Association, largely through its literature, is equipping its members, the credit men of America, to become the most efficient credit men in the world, prepared to take hold of credit questions of importance both at home and abroad and give these questions sound, logical thought and appropriate treatment. The Association has felt its responsibility intensely. It has endeavored to make its literature a factor in our commerce. There has been this thought behind and within every page it has printed, that its members shall not only follow the sane and safe paths individually and for their concerns but shall grow into the realization of the call that Amer-

ican commerce extends to ambitious, thinking business men in every department.

We have had to meet in common with other publications an increase in the price of production, an increase of undreamed proportions. The Bulletin has now reached a distribution comparing favorably with a large number of trade publications. In order to cover our great membership as also our lists of subscribers and exchanges, our monthly order calls for 25,000 copies. The cost of producing the Bulletin, as compared with last year, shows a remarkably small increase considering conditions, being but little more than that increase which each month's larger edition would call for.

The Bulletin has not for many years paid for any of its articles nor has it been necessary to do so, for the amount of material of the right sort that crowds upon it is beyond the Bulletin's capacity to print. However, there arises, particularly at this time, the need of special guidance of a legal nature and for special articles from writers expert in the law, and the Bulletin is by appropriate resolution asking for the means of providing this facility. The aim, also, will be to provide in this way, articles of special use to credit students.

SPECIAL TIMELY LEAFLETS

In the desire to hold up the hands of the administration at Washington in its effort to increase the world food supply as its primary obligation to itself and its allies, the Association issued a leaflet, in large edition, urging the utilization of every available unit of land for food crops. In this connection it is interesting to note that several concerns connected with the Association have provided acreage for systematic cultivation by their employees.

Again, the flotation of the Liberty Loan bonds calls for the widest publicity and the awakening of every man, woman and child, and as a great credit and war measure we issued a Liberty Loan leaflet which was given newspaper publicity far and wide and elicited words of appreciation from administration circles.

We also issued a leaflet to the credit men of the country urging steadiness and self-control during the days of strain and stress which the war has brought upon us. These leaflets were all issued in large numbers and were given the highest approbation.

TRADE ACCEPTANCE LITERATURE

The trade acceptance propaganda of the Association has called for a vast amount of literature, some of which was issued by the Association, but most of it secured through the courtesy of authors of important articles and of the different Federal Reserve Banks. Though the Trade Acceptance Bureau, which is closely allied with the business literature department, was announced only about two months ago, over sixteen hundred concerns, associations and publications have received literature through it, for the most part upon their personal request and most of these correspondents have asked to have their names placed on the mailing list of the bureau. The

Association has done some most effective work through its literature under this department.

FIRST-OF-THE-MONTH LETTER

Interest in the First-of-the-Month Letter has been on a steady increase. This letter, which was in the beginning used merely for the benefit of individual members in an edition which was not more than 1200 copies, now runs into over 8000 copies per month and it would appear that the time is not far distant when a great majority of local associations will recognize the advantage of providing their members with this inspiring and informative letter.

CREDIT MAN'S DIARY

The Credit Man's Diary for 1917 had a larger distribution than in any previous year, there having been over 4,150 copies sold. Work on the Diary for 1918 has already been begun with the expectation of introducing into this now standard work some innovations which will make the volume considerably more useful than heretofore. The Diary has been inviting from one source and another constructive criticism and some suggestions along helpful lines have been received.

MEMBERSHIP LEAFLET

In response to the demand which every now and then arises for a pamphlet setting out the objects of the Association and the reasons for taking out membership, there was issued during the year a new pamphlet under the title of "An answer that will be sustained by competent witnesses." This pamphlet, perhaps, is no better than other membership leaflets used in past years, yet it is different and that is sufficient reason for its publication.

NEWSPAPER NOTICE

Probably the Association has had this year wider newspaper publicity than ever before due largely to the fact that it is being recognized more and more as a factor in national affairs of great human interest and influence.

LOCAL BULLETINS

The committee has followed with interest the continued development of local bulletins and letters by the various associations. These are for the most part such as to do high credit to the local business literature committees. It must be recognized that it is not easy work for the busy credit man to prepare each month the material for local bulletins and special appreciation is due them for the part they are taking in the upbuilding of our great Association.

The Committee offers the following resolutions:

I

"Resolved, That the National Association of Credit Men, in

convention assembled at Kansas City, again expresses its appreciation of the necessity of maintaining the highest standards in all literature bearing the Association's name and imprint, that this literature shall at all times not only reflect faithfully the best thought of the Association but shall plant in the minds of the credit fra-



CHARLES R. CLAPP
National Supply Co., Toledo, Ohio
Chairman, Business Literature Committee

ternity a respect for their calling and a high sense of responsibility therein."

II

"Resolved, That it is the sense of the convention that every facility shall be extended to the Bulletin and its editors for the increase of its powers of usefulness, and particularly, it is recommended that the finance committee be urged to include in its

budget a sufficient sum, probably about \$300, to permit the Bulletin to use such legal talent as is deemed wise for the preparation of brief articles on credit subjects of a legal nature."

III

"Resolved, That the convention expresses its sincere thanks to those officers and committees of local associations who have at no little expense of time and energy been issuing weekly and monthly letters and bulletins, and the convention takes this opportunity of declaring its interest in local publicity work and urges its fullest development both in the line of special bulletins and the cultivation of the daily papers which can, if they will, be great factors in extending interest in our work, and in giving the public a better knowledge of that which goes to make up sound credit."

IV

"Resolved, That the Association approves most cordially of the establishment of the Trade Acceptance Bureau to prepare and distribute instructive literature, the aim of which is to develop this important instrument which in general use will mean the giving to business men of the country a banking system whose strongest line of defense will be prime two-name paper arising out of actual business transactions.

V

"Resolved, That the convention extends its approval to the committee on its efforts to support the administrations at Washington in arousing the people of the country to their individual duty in helping in the prosecution of the war in which we are engaged, by loaning liberally of their means and doing all possible to increase the food supply.

Respectfully submitted,

CHARLES R. CLAPP, Chairman, Toledo;
E. A. MACHEN, Toledo;
J. GAZZAM, Toledo;
J. G. SHAPIRO, Vice-Chairman, Bridgeport;
L. M. ALLEN, Bridgeport;
A. K. WHEELER, Bridgeport;
W. A. WOODMANSEE, Vice-Chairman, Memphis;
W. S. LAWO, Memphis;
EMANUEL KLEIN, Memphis;
W. D. ISHAM, Vice-Chairman, Milwaukee;
H. W. REMINGTON, Milwaukee;
F. J. MEYERS, Milwaukee;
C. F. LAWYER, Vice-Chairman, Omaha;
T. E. CARLSON, Omaha;
G. K. WEST, Omaha.

Secretary Tregoe moves the adoption of the resolutions.

The motion was seconded by Mr. Biggs of New York and carried without discussion.

PRESIDENT JOYCE—Now, Mr. Parsons, will you move that we adjourn?

ARTHUR PARSONS, Salt Lake City—With great pleasure, Mr. President, I move that we do now adjourn.
Adjournment.

Third Day of Convention

THURSDAY, JUNE 21, 1917

Morning Session

President Joyce called the morning session of Thursday to order asking the Rev. Dr. Maurice H. Turk, pastor of Westminster Congregational Church to pronounce the invocation.

PRESIDENT JOYCE—We will suspend our regular order of business for a few moments in order to give greeting to the delegation from St. Joseph, Missouri. They come one hundred strong. I will ask the Chicago delegation to sing while they come in. (Applause) The St. Joseph delegation will please consider themselves cordially and heartily welcome.

Our first order of business this morning is the report of one of our most important committees, the Adjustment Bureau Committee. This report will be read by its chairman, P. B. Bethel of Louisville, Kentucky. (Applause.)

Mr. Bethel reads report as follows:

Report of Committee on Adjustment Bureaus

To the Officers and Members of the National Association of Credit Men:

Your Committee on Adjustment Bureaus with a desire to present fairly, after a critical observation, what has been accomplished in this department, is gratified to report that substantial progress has been made. The Adjustment Bureau is not completely understood throughout the Association and it is advisable, in the opinion of your committee, that the description of its activities and principles given by unanimous action at a conference of Adjustment Bureau Managers in St. Louis, January 16, 1917, be repeated in this report, as follows:

"It is the sense of this conference that the general principles of the Adjustment Bureau are to conserve equally between creditors and give protection alike to creditors and debtors. More specifically they are to administer economically and expeditiously insolvent estates, to re-establish embarrassed debtors, to observe and insist upon a proper and economic administration of the National Bankruptcy Act, to adjust even individual accounts direct with debtors, provided in so doing they will not imperil or prejudice the rights and interests of other creditors, and while recognizing that some of the bureaus,

for local reasons and answering local demands, do a forwarding business, yet this conference suggests to such bureaus the exercise of the greatest caution in the operation of such department and that its service be limited absolutely to members of the National Association of Credit Men."

It is impossible in the opinion of your committee to present a department of this Association that is more entitled to or deserving of the hearty co-operation and support of credit men than the Adjustment Bureau as described in the above memorandum. Yet as a matter of fact and through an investigation conducted by your committee, it is found that but a minority of the membership use adjustment bureaus in their embarrassed and insolvent cases, even when the bureaus are practically in control of such estates. This is regrettable, for unnecessary costs, fees and small distributions will persist so long as creditors act independently and fail to recognize the protective value of co-operation as it is typified in the abilities and services of adjustment bureaus. Your committee is convinced that this apparent lack of interest can be overcome only by a campaign of education carried on by publicity through the Bulletin, leaflets and discussions in local association meetings.

Before passing on to other important matters relating to this department of our work, your chairman wishes to express his pleasure, and confidence in the deliberations and conclusions of the managers' conference in St. Louis. Every member of the Association should read and study the resolutions emanating from that conference for they indicate in the clearest way that the managers of bureaus are aiming for high standards and subordinating personal gain to the public service. Unquestionably the character of bureau managements is improved in recent years and there is now, in the service for the most part a body of earnest, diligent men, who are anxious to do their very best in the conservation of assets, in the proper treatment of debtors and in every form of service that relates to embarrassed, insolvent and bankrupt estates.

Believing that certain information should be assembled upon features of bureau work and management, your committee sent to the manager of each bureau a list of questions, and it was a great satisfaction that but few failed to reply. Through this clearance your committee discovered that the management of each bureau recognized its responsibility to the National Association and as was expressed in a resolution adopted at the managers' conference in St. Louis, they would, with but slight exception, welcome an amendment to the Constitution and By-Laws of the National Association which would permit it to establish general principles for the organization and operation of adjustment bureaus, conformance with which would entitle the bureau to official recognition. This closer co-operation between the local bureau and the National Association of Credit Men as it is represented through the National office promises a co-ordination of effort that should elevate the work and give it a form of guarantee which will deserve the confidence of the credit fraternity.

In the event that this convention adopts the suggestion made at the St. Louis conference and amends the Constitution and By-

Laws the officers and directors and the incoming Committee on Adjustment Bureaus, undertakes the responsibility of fixing general principles for the organization and operation of adjustment bureaus, sufficient thought should be devoted to this important matter to assure the adoption of principles which will not interfere with local autonomy or control but such as pertain to matters of uniform management as a guarantee of honest and efficient service to the entire membership.

In this connection, your committee would recommend the following principles:

1. That bureaus be not organized or operated for profit.
2. That any profits that may accrue be used for departments of the Association or bureau work or as a prosecution fund.
3. That every manager or assistant in a fiduciary capacity be bonded.
4. That the affairs of bureaus be audited semi-annually, if possible, or at least annually, by a public accountant preferably, and copies of all audits be sent to the National office.
5. That all employees of adjustment bureaus, so far as may be possible, be on a salary and not a commission basis.
6. That each bureau report to the Secretary-Treasurer of the National Association monthly or bi-monthly all cases adjusted, handled or controlled in bankruptcy, or in friendly adjustments, giving certain facts relating to each case that can be used for publicity and for office records to show what the bureaus are accomplishing.
7. That a committee of creditors be appointed in each friendly adjustment case.
8. That adjustment bureaus now operating or that may later be formed as separate corporations make provision that their capital stock held by members be taken up in the event that holder retires from the membership of the local association operating such bureau.
9. That members in forwarding claims to attorneys for collection be urged to reserve the right to vote such claims in the event of failure before claim is collected.

The clearance referred to above produced some interesting information and showed conclusively that on some basic and important principles there were wide variances in operation and control. As an illustration:

Forty secretaries and managers were found to be bonded in sums ranging from \$1,000 to \$10,000 each. Sixteen bureaus did not bond their managers or secretaries. Twenty-nine bureaus paid their managers a salary. Twenty-two paid their managers a commission or a salary and commission. The affairs of thirty-one bureaus were audited at fixed periods by a public accountant or an audit committee. Twenty others had no audit at all. Thirty-five bureaus favored or expressed themselves as willing to use a uniform audit blank. Twelve bureaus were opposed to this idea. Thirty-six bureaus were willing to send copies of their audit to the National office. Two bureaus objected. Twenty-three bureaus were found to be operated by a committee of local associations. Twenty-six bureaus were separately organized but under the supervision of local associations.

Six bureaus were privately owned but operated under the supervision of local associations.

This data, combined with other interesting information obtained through the observation of your committee, brought out clearly the thought that the Adjustment Bureau is a most important fiduciary department of the National Association of Credit Men, and every possible safeguard should be thrown around its skillful and honest operation. The character of the management, the character of the service, the character of the supervision are the features which determine whether or not a bureau is fulfilling its best possibilities and playing a proper part in the economic and skillful treatment of diseased estates.

We would again emphasize the importance of appointing in each friendly adjustment case a small committee of creditors to act with the bureau's manager for advice in difficult situations. Such a plan would relieve the manager of the bureau of some unnecessary responsibilities not entering into skillful management but merely of control. It promotes interest and co-operation for the creditors in each case to be represented in its administration.

In closing this report your committee reaffirms its strong belief that the Adjustment Bureaus are showing signs of substantial progress and wishes to extend its thanks to the management of each bureau who so promptly and cheerfully replied to its questions and to express its appreciation of the assistance rendered it by our most efficient and capable secretary, Mr. Tregoe.

The following resolutions are offered in conclusion:

I.

"Resolved, By the National Association of Credit Men in convention assembled that the principle of co-operation for the economic and skillful administration of embarrassed and insolvent estates as typified in the service offered by its adjustment bureau is sincerely endorsed."

II.

"Resolved, That the Association's sincere thanks be tendered the managers of adjustment bureaus for the splendid work accomplished by them in the annual conference, held January 16th in St. Louis which so clearly indicates the raising of higher standards in this department of credit work, and the Association hereby reaffirms its recommendations that these annual conferences of adjustment managers be continued."

III.

"Resolved, That the officers and directors of the National Association and the incoming Committee on Adjustment Bureaus be and are hereby requested, when exercising any powers that may be entrusted to them, under the by-laws of the National association or amendments thereto, not to interfere with the local autonomy and control of adjustment bureaus but confine their administration to the fixing of general principles which should be uniform throughout the organization to the end that guarantee may be given to the membership that certain principles in the operation of the bureaus are vouched for by the National Association if bureaus are to be officially recognized."

IV.

"Resolved, That through publications of the National office and local associations, through their business meetings and the work of the Business Literature Committee, there be aroused a greater interest in and support for the Adjustment Bureaus throughout the membership of this organization and that the support of other trade organizations is urged to the end that when embarrassments or insolvencies occur the assistance of bureaus will be sought and their machinery used for the conservation of assets and the protection of all interests concerned.

Respectfully submitted,

PEYTON B. BETHEL, Chairman, Louisville;
 E. C. MITCHELL, Louisville;
 W. H. BRADBURY, Louisville;
 A. J. MURRAY, Vice-Chairman, Decatur;
 J. W. FRITZ, Decatur.
 A. E. WALKER, Decatur;
 WM. P. BRENNER, Vice-Chairman, Green Bay;
 FRANK ST. PETER, Menominee;
 WILLIAM GRIMMER, Green Bay;
 EDWARD DRAKE, Vice-Chairman, Portland;
 B. M. DENISON, Portland;
 L. R. PENDELL, Portland;
 D. H. CROCKER, Vice-Chairman, Wilkes-Barre;
 JOHN WILLIAMSON, Wilkes-Barre;
 W. P. McLAUGHLIN, Wilkes-Barre;
 W. C. STITT, Youngstown;
 W. E. WARNER, Youngstown;
 FRED C. BROWN, Youngstown.

Mr. Bethel moved the adoption of the report and resolutions as presented. Seconded.

E. W. SHEPPARD, Cleveland—The report just read is thoroughly interesting. There are two facts which stand out, I believe, as fundamental to the existence of the adjustment bureau. One is the change in the resolution made on Tuesday to the constitution and by-laws, lodging supervision in the National office. This resolution was talked over in Cleveland before we started, and our adjustment bureau manager was heartily in favor of this resolution, believing that it is of vital interest to the Association. We welcome the assistance and suggestions of the National office and the local associations.

We welcome that opportunity, but there is another thing which we believe is fundamental to the existence of these adjustment bureaus, and that is the fact that the members using the adjustment bureaus are in the minority. The committee also states in this report that the bureaus have shown much progress, but on the other hand it states that very few members are using the adjustment bureaus.

It looks to us as if we had failed to sell this service to the members of the Association. Should we not, therefore, map out a plan of campaign, a selling campaign, to bring this service to all the members in their organizations. Some associations state that

not even the board of directors and the members of the committees, leaders in the thought of the association, are turning over their insolvent estates to the adjustment bureaus.

I believe that the local associations and the board of directors should together work out some plan of campaign to sell this service to all the members of the Association. (Applause.)

ARTHUR PARSONS, Salt Lake City—I wish to compliment the committee which prepared this report upon its excellence.

If you will refer to the second complete paragraph on the second page, you will find that the committee has stated the position of the National Association clearly when it says that "In the event that this convention adopts the suggestion made at the St. Louis conference and amends the constitution and by-laws, the officers and directors and the incoming Committee on Adjustment Bureaus, undertakes the responsibility of fixing general principles for the organization and operation of adjustment bureaus. Sufficient thought should be devoted to this important matter to assure the adoption of principles which will not interfere with local autonomy or control but such as pertain to matters of uniform management as a guarantee of honest and efficient service to the entire membership."

Now, I think that is a perfectly clear statement of just what the board is to do.

The report says that "In this connection, your committee would recommend the following principles: First, that bureaus be not organized or operated for profit." I want to say to you that that has been one of the fundamental principles underlying the operation of the Utah adjustment bureau from its inception; and indeed, I will point out to you that these fundamental principles enumerated by the committee have been in operation for a number of years, and it really looks to our delegation as though the National Association now was going to adopt just what Utah has been doing for years. (Applause.)

The second is "That any profits that may accrue be used for departments of the association or bureau work or as a prosecution fund," which is exactly what we have been doing.

"That every manager or assistant in a fiduciary capacity be bonded."

"That the affairs of bureaus be audited semi-annually, if possible, or at least annually, by a public accountant preferably, and copies of all audits be sent to the National office."

Why, our audit is going on all the time. We can audit any time we like, but an auditor renders an annual report.

"That all employees of adjustment bureaus, so far as may be possible, be on a salary and not a commission basis."

Our manager is on a salary; he has no part in the commission. The commissions that we charge are figured so as to calculate the expenses of the game, and if there should be a few dollars over and above the estimate, that is the fund that is applied to the rule of procedure.

"That each bureau report to the Secretary-Treasurer of the National Association monthly or bi-monthly all cases adjusted, etc." We publish a monthly bulletin which we call the "Credit News," and if the members of the local associations do not get

copies, it is their own fault. The last page of the bulletin is devoted to giving an account of all the new cases that come in, all the cases that are in the course of adjustment, and dividends paid and all that, and the whole history of the adjustment bureau is given to our men in the local associations, and later on, to the National Association every month; so that we exceed the requirements a little there, Mr. President. We send the copy to the National office and we are willing and pleased to send a copy to every local association if they desire it.

The seventh rule, "That a committee of creditors be appointed in each friendly adjustment case." We have also adopted that. We find that it is a great protection to the association to have a committee of creditors help the bureau handle the case. It takes off a certain amount of responsibility and places it right on the creditors themselves, and it is the creditors, the interested creditors, who make the adjustment. We make our adjustments in such manner that every creditor we can find on a man's books or interested in the case, shall have a pro rata distribution equal to local creditors. There is no discrimination whatever, whether a creditor is domiciled at St. Louis or St. Joseph or Detroit or anywhere else.

Some of our delegates took part in the discussion on the adoption of this new rule the other day as though they were in opposition to the amendment proposed to the constitution. We find ourselves entirely in harmony with it.

The motion to adopt the report and resolution was carried without further discussion.

IRA D. KINGSBURY, Rochester—Before we leave this subject, I would like to bring before the convention a law that Governor Whitman of the state of New York signed last week. This law seems to have a direct bearing upon the operation of adjustment bureaus outside of the state of New York in any business that they may have to send to New York or that comes from New York.

This bill is Chapter 783 of the Laws of 1917, the law which the governor has just signed, amending Section 270 of the Penal Law. We had passed last year a law which prohibited a corporation from practicing law. The laws of the courts of the state of New York, have held that the collection of an account is the practice of the law.

This year's bill is similar to the other, simply adding the words "natural person" to the law which prevents a layman from soliciting business, from handling a collection or from collecting claims to get them together in case of bankruptcy. That has made it necessary for the lawyers or the collection agencies of the state of New York virtually to go out of business, and until some law can be passed which will remedy that in effect, this condition will obtain. It is hoped that it will be remedied shortly, and the lawyers in several cities have already sent out this letter:

"On June 8th, 1917, Governor Whitman signed a law passed by the last legislature which makes it a misdemeanor for any person other than an attorney to make it a business to furnish attorneys or counsel or legal advice to others, or to

solicit business for an attorney. This is in line with a statute passed a year ago, which made it a misdemeanor for a corporation to do any of these acts. Under the decisions of this state the business of a collection agency has been construed to be the practice of law, and an attorney who receives business from a collection agency conducted by a layman who has not been admitted to practice, or by a corporation, is subject to disbarment.

"For these reasons we, in connection with all the other attorneys making a specialty of collection business in Rochester, have agreed that no further collection business would be accepted by us unless forwarded either by an attorney or directly by clients. We have regretfully taken this step, but do not see any escape from it."

This means that our state is shut out of handling a claim which your bureau may pass into the state of New York. It can only be forwarded into New York state by a licensed attorney to a licensed attorney in the state of New York. There was considerable opposition to the bill. The National office filed a protest. Some lawyers who do not agree with the general principle of the thing, filed a protest, but the governor signed the bill and in his memorandum says: "The governor makes it clear in his memorandum that there is no intention under this law of preventing the legitimate recommendation of lawyers by trade agencies or the bonding of lawyers by lay agencies or bonding companies. There is nothing in the law that forbids the recommending of the lawyer or the furnishing of information concerning a lawyer or the guaranteeing of his financial responsibility."

Those were the principal objections urged against the law by one of the large agencies; but the splitting of fees or the payment of any kind of reward for procuring professional employment is now covered by this law and that has been held to prevent us in New York from asking that claims be brought into one hand for bankruptcy. It is a situation that we all regret and we hope that with the next session of the legislature, a bill will be passed that will permit adjustment bureaus to operate in their usual course.

J. P. KELEHER, San Francisco—I would like to ask a question of Mr. Kingsbury. Did you in New York City or in New York state, endeavor to incorporate into the law an exception as to adjustment bureaus? In Massachusetts this year they tried to put over the same law, but an exception was put in there as to adjustment bureaus.

MR. KINGSBURY—No, we did not, for the reason that nobody apparently, except the man who introduced the bill and was behind it, knew that the bill was in the house or in the senate or knew that it had been passed until it was in the governor's hands and a hearing was asked for. It was put through quietly—a beautiful piece of work.

PRESIDENT JOYCE—Our next order of business is an address on the subject of "The Value of Friendly Adjustments." This address

will be delivered by one of our most faithful, efficient and loyal members, and it is a great pleasure to present to this convention M. E. Garrison of Wichita, Kansas.

The Value of Friendly Adjustment

ADDRESS BY M. E. GARRISON, WICHITA, KANSAS

The friendly adjustment, at least by adjustment bureaus, it seems to me has been splendidly covered by the paper that was read to you a few moments ago and by the discussion that was entered into thereafter, and I shall not treat especially, in the few moments I have, the theories of the adjustment bureau.

If you will look on your program, you will notice that my initials are "M. E.," and there is a reason for that. My father was a Methodist preacher at the time of my birth and he therefore named me "M. E.," and when I get up to speak on an occasion of this kind, I cannot help but follow the old Methodist practice of not so much theory but more of class reading and testimony, and so I shall give testimony this morning of the adjustment bureau.

You men know some of the reasons why the adjustment bureau or the friendly adjustment was brought about. You older credit men remember the days of the chattel mortgage, when the man first there got his account in full, possibly, and those that came later possibly got the hindmost. You men also remember the state assignment laws, different in almost every case and understood by but few, and you knew the expense of operating under the state assignment laws, and also the fact that you could not be familiar with them in the numerous states, for they were so different.

Then you all know, of course, and have had a great deal of experience with the operation of the bankruptcy law. I do not know just how our adjustment bureaus could possibly be conducted or how our friendly adjustments could be brought about with absolute equality for all if it were not for the bankruptcy law. (Applause.) I am sure we would have to go out of business; but we don't expect to use the bankruptcy court in every case of liquidation any more than we expect to use the district court every time we want to collect an account.

The value of the friendly adjustment is what the friendly adjustment brings in return. In our bureau in Wichita in four years, our friendly adjustments have averaged dividends of approximately fifty cents on the dollar. One year we finished the year with an average of sixty-two cents and a fraction on the dollar. (Applause.)

This is brought about through cooperation. A friendly adjustment, as I take it, is the handling of an embarrassed or insolvent estate by mutual consent of all concerned and under the direct supervision of the creditors themselves.

What is the occasion for waste and extravagance and incompetency and the many, many things that contribute to the small dividends in other forms of liquidation? I will give you just a few illustrations.

One debtor recently was behind with his creditors. An attorney

in the town had a claim for collection that he could not realize on in full that day. He telephoned to some of the creditors in Wichita some members of the Wichita association who were creditors, and invited their claims for bankruptcy. They—then creditors—asked me to go up and investigate the case. I caught a train within three hours for this point.

I discovered that this small merchant had \$3,200 of good clear assets and that he owed about \$2,200, yet he did not have the ready funds to meet this particular claim that was being pressed and a petition in bankruptcy was being sought by a certain party. I immediately got into communication with the creditors and did not take long to put the case where there were not enough creditors to send it into bankruptcy, and therefore we forestalled it.

He agreed, after I had gone over all his affairs and made a recommendation to him, that he would report daily his receipts, that he would take my suggestions and reduce his accounts receivable, which were in excess of the amount of business that he was doing, that he would buy only the absolutely necessary staples and reduce his stock. We estimate that he would from the collections and the reducing of his stock, be able within thirty days, to get on a sound, substantial credit basis; and within the thirty days he had all past-due indebtedness taken care of and his statements then showed liquid assets two to one and there was no need for further supervision by the local bureau.

I will give you an illustration of a man who sought to trade out and he was dealing through a real estate firm that was trading him in equity, some land—a supposed equity, but when it came to an investigation, there was no real equity in the land and the supposed difference that he was to receive, estimated on the value of the stock to be five thousand dollars. He thought he owed two thousand dollars, but immediately his creditors came on the scene and they saw that the only way to handle the situation was to take the estate over. They had therefore an assignment made.

I went down to take charge of this case, and the man who was trading for it said, "If you undertake to interfere with this trade of mine I will sue you for damages." You know that sort of talk does not scare a live adjustment bureau manager or a sturdy creditor in the least. We took charge of that estate. We liquidated it as we would our own assets, to the best possible advantage under such forced circumstances, and we made a private sale of the store. The trustee cooperated with the debtor in the collection of accounts; took up his office in the bank, if you please. The debtor limped just a little, having had a disease when a boy, and I said to him, "You go out and get in these men that owe you, bring them into this bank and introduce me to them and say, 'This is the man that has me by the throat,' and then look just as serious over the situation as you can and limp out, and it won't hurt if you limp a little extra." And we had splendid results in the collection of the accounts. (Applause.)

We handled about four thousand dollars in collections and received three thousand in cash, and all but less than a hundred dollars of the rest was in genuine gilt-edge securities, chattel mortgage; and we paid everything in full. We even returned something to this

debtor in assets, and that man today is a friend of the adjustment bureau, as well as all those credit men who had over-indulged him in credit.

Now, a friendly adjustment that does not take into consideration equally, debtor and creditor, regardless of where the creditor may live, is not, in my opinion, the right kind of friendly adjust-



JOHN P. GALBRAITH
Northwestern Jobbers Credit Bureau, St. Paul, Minn.
Chairman, Adjustment Bureau Managers Committee

ment. An adjustment bureau is not an organized "skin game" against a debtor that is honest, that comes clean. An adjustment bureau's work is to see that equality of treatment is afforded all. The manager must understand, if you please, the brotherhood of man. He must feel that indeed he is his brother's keeper and that he should be the big brother to the merchant down-and-out and that he should put his arm around him and say, "You come clean with me and play your cards on top of the table and no one will unduly embarrass you."

If the manager has that viewpoint, he is not in any way shirking the duty that he owes to a creditor, but he is also to that debtor a comfort in his greatest hour of trouble and he is giving to that debtor renewed confidence in life. He is, if you please, putting him out, after the scene is all over, with backbone and with some confidence; and I just take a delight in continuing to follow that debtor, not to persecute and hound him, but to help him to get into a legitimate course of business again. (Applause.)

There was a good man in our town that had been for twenty-two years running a shoe store and men's furnishing store. He had lost his health, had suffered a stroke of paralysis, had diabetes and the doctors told him that he could not live long. He had lost all hope in his business. He was not a religious man and he had no hope for the future, so in despondency he went up to our bankruptcy referee and said, "I guess I will have to kick in."

The judge told him he would have to go and get an attorney before he could come into court, and he recommended one. He went to the attorney and he had a receiver appointed. It was suggested that the receiver be an operating receiver, and you know what an operating receiver means. He was an operating receiver for a few days; and at the first meeting of the creditors, they all assembled in the bureau all the claims, until every creditor either had his claim in the bureau or positive instructions to put it before the board of trustees. When it came to electing a trustee, the attorney sought to block the election and wanted to make a composition settlement. In a conversation with the bankrupt, the attorney volunteered 30 per cent and offered to give the debtor one hundred and fifty dollars on the side if he got by with it.

Now, what was the result? I was elected trustee. I went down and invoiced the assets. I found a private sale for the assets at a much better price than I had really hoped for, even better by far than you could have expected if you had put it up at auction.

The sale was of perishable goods, the season was rapidly advancing when they would be off the market because of the very nature of the merchandise, and the sale was confirmed by the court and brought enough money at private sale to pay five hundred dollars court expenses, four hundred dollars of which was created during the first ten days before we had charge; all preferred and common claims in full, one hundred cents on the dollar, including the debtor's taxes on his home; ten hundred ninety-five dollars to one of our banks that held a mortgage on some real estate that was scheduled as worth thirty-five hundred, which it certainly was, and the real estate is being returned to this despondent, broken-in-health debtor, free and clear. (Applause.)

Now, we do not get a hundred cents on the dollar every time, but I could give you a number of cases where we have. We can not create assets, but we can administer assets and get out of them all there is that is liquid; and we do this not as the self-appointed, exalted, holier-than-thou manager, but as the manager who is the servant of everybody interested, and the manager, if he has the correct viewpoint, is working right in harmony and under the direction of the creditors themselves. The manager who has the idea that the adjustment bureau belongs to him and is his private prop-

erty for private gain, has not yet grasped the big plan. (Applause.)

So, my friends, the manager that goes into the job with the qualifications he should have, believing in his fellow man, believing in himself, looking the world squarely in the face and saying, "I am going to see that everything I touch has a square deal and there is no savor of anything crooked or yellow in it," the manager that has that viewpoint, the manager that thus serves and is the servant of all, is the manager who is going to be the greatest among you. The association in this country that supports such a movement as that is really worthy of the exalted name that the National Association of Credit Men bears. (Applause.)

PRESIDENT JOYCE—We will now hear the report of the Bankruptcy Law Committee. The report will be read by its chairman, Charles Biggs of New York. (Applause.)

Mr. Biggs presents the report as follows:

Report of Committee on National Bankruptcy Law

To the Officers and Members of the National Association of Credit Men:

Your committee on the National Bankruptcy Law when reviewing the report offered to the Pittsburgh convention and unanimously adopted by that convention, reached the conclusion that the exercise of special discretion was expected of it in the treatment of the amendments to the National Bankruptcy Law and general orders in bankruptcy which were embodied therein. The officers and directors of the National Association of Credit Men in annual meeting assembled instructed your committee to do nothing that would imperil the law, admonition of course which was in strict accord with the committee's own view.

Upon assuming its responsibilities and making a rapid yet careful survey of conditions, your chairman reached the conclusion that no substantial response looking toward a further amendment to the National Bankruptcy Law could be expected of the sixty-fourth congress. The year's work, therefore, has been consumed with a study of the opposition to the law; to a close observation of the attitude toward the law within Congress, and a further consideration of the amendments recommended in the previous report and advanced as a basis not absolutely in the nature of further improvements to the law and its practice.

Dwelling, first, upon the opposition, while on so basic and complex a statute, there must naturally be expected differences of opinion, yet it appears strange to your committee that practical business men should fail to recognize what the law has accomplished and to discover its protective value. In the spirit, therefore, not of argument but of conversion, it is the earnest wish of your committee that there might be an agreement of minds on the subject. Several of the objections to the law have carefully been analyzed and the reasons for them rejected. As an illustration it is claimed that the law was intended to be a temporary measure.

Inasmuch as one of the principal factors in the passage of the law was the National Association of Credit Men, it is interesting to note that nowhere in its councils does the intimation appear that the law was intended for temporary purposes only, and we must reject the contrary statement and attribute it to misunderstanding or misinformation.

Again, it is claimed that the law has encouraged bad debt losses. This will not bear a critical examination for the proportion of bad debt loss which was considered reasonable under state insolvency systems, and antedating the passage of the bankruptcy law, would be considered disastrous now. Therefore, when recognizing that our domestic commerce has quadrupled since the passage of the law, while the total loss attributed to bad debts may be larger numerically than it was in the early nineties, yet proportionately it is smaller and we are compelled to throw out this objection.

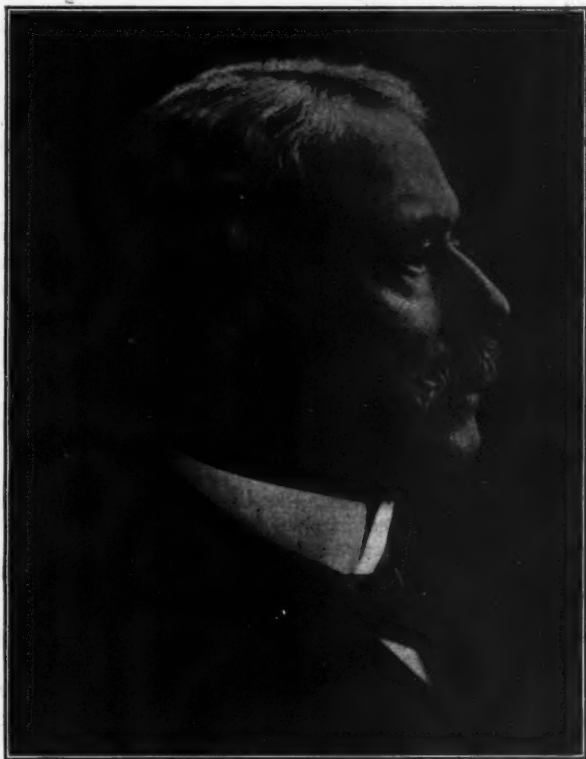
Still again it is said that the National Bankruptcy Law has promoted commercial fraud; individual experiences, and the analysis made by the mercantile agencies of annual bad debt losses would indicate that the proportion of such loss directly attributable to commercial fraud is declining, and therefore your committee must reject this third objection.

It has been advanced that inasmuch as good order now prevails in credit affairs, were we to revert to state insolvency systems, conditions prevailing before the passage of the law could not be repeated. As a point of strict fairness, must we not give to the law some credit for bringing this better condition about and is it not self deception to conclude that conditions would not be repeated if the same circumstances were to prevail.

Your committee wishes to emphasize most strongly before this convention its conclusions that without the equality and restraining character of the National Bankruptcy Law we would not have reached our present stage in domestic commerce and if through any combination of unfortunate circumstances, the law were repealed the first effect would be felt in a decrease of our domestic commerce. Any campaign for the repeal of the law is most inadvisable in the judgment of your committee, no matter what the state of commerce nationally may be, but it seems especially inadvisable at a period when constructive forces alone should be brought into play, to rip away one of the fixed credit institutions of the country and take the chance of disorganizing business, unbalancing credits and depriving the nation of its best lines of defence. We wish that there might be unity of thought upon this subject, that the business men who have yielded or given their influence to the opposition would recognize that continued progress in our domestic commerce requires a National Bankruptcy Law, and that for such a law there cannot be no substitute even if a uniform insolvency law were within the realm of possibility. Nor is it reasonable to believe that the present law could be repealed and another enacted immediately thereafter.

Proceeding from this treatment of the objections which it was felt by your committee should be presented in a definite way, for the question demands discreet and careful thought from every

grantor of commercial credit, we wish to report that throughout the year the repeal and amendatory bills offered in the sixty-fourth congress and the special session of the sixty-fifth congress were under careful observation, and through a correspondent in Washington, whose splendid work it is a pleasure to acknowledge, touch was maintained with the Committee of the Judiciary of the House and Senate, the Department of Justice and other departments concerned with the law and its administration.



CHARLES BIGGS
New York, N. Y.
Chairman, Bankruptcy Law Committee

In this connection recognition should be given to the plan and efforts of the Attorney-General of the United States to investigate the offices and administration of referees in bankruptcy. From such investigation there may come recommendations from the Department of Justice for the amending of the law as it relates to referee's services and to penal features of the law with which the department is directly concerned.

At a conference held in New York city to which were invited representatives of several organizations, including the Commercial Law League of America, besides referees in bankruptcy and others interested and skilled in the law, the amendments and changes in general orders in bankruptcy suggested by the committee of last year were carefully studied with the result that the amendments recommended to the penal features of the act were approved with the exception of Section 29 D, so styled in the report, which was felt to be unnecessary and unwise.

The amendments recommended to Section 60, Sub-division A, and Sub-division 15 of Section 1, were approved.

Amendments recommended to Section 14, Sub-division B, were approved with the following exception: That No. 2 should be made to read as follows:

"With intent to conceal his financial condition, destroyed, concealed or failed to keep books of account or records from which such condition might be ascertained, and, if in such proceeding it shall be proved that the bankrupt did destroy, conceal or fail to keep books of accounts or records from which his financial condition might be ascertained, the burden of proving that there was no intent to conceal his financial condition shall be upon the bankrupt."

No. 3 of the same section, Sub-division B, is to be altered in agreement with Section 2.

The remaining recommendations covering Nos. 4, 5 and 6 of the same section were unanimously approved.

The amendments recommended to Section 40 covering "Compensation of Referees" were considered of doubtful propriety by the conference.

To Section 18, "Process Pleadings and Adjudication," the amendment was endorsed in principle but the phraseology in the opinion of the conference might be improved.

Of the amendments recommended to the Supreme Courts, "General Orders in Bankruptcy," that designated as 35A, "Appointment of Special Masters," was approved.

That designated as 35 B, "Attorneys, Affidavits on Compositions," was disapproved.

That designated as 35 C, "Creditor's Receipts on Composition," was approved.

That designated as 35 D, "Creditor's Dividend Receipts," was considered unnecessary.

That designated as 35 E, "Referee's Accounts of Expenses," was approved with the exception of that part of the paragraph following the words "no more."

That designated as 35 F, "Attorney's Employment and Fee Bills," was approved in principle.

At the conference, amendments suggested by members of local associations and by several attendants on the conference and covering in general terms the giving of notice to creditors before filing voluntary petition in bankruptcy, exempting debts incurred for necessities within a short period of the bankruptcy action; the appointment of a bankruptcy attorney to assist receivers, trustees and

creditors and to act in the capacity practically of federal officer, were given consideration but no definite action was taken upon them.

Your committee passes on to the incoming committees its conclusions upon the amendments to the act and to the general orders as they were viewed in the conference. Also the heritage of considering other amendments to the law and a complete defense of it.

It is the committee's belief that great discretion must continue to control incoming committees in the administration of their work; that nothing should be done to imperil the law but proper preparations must be made so that when opportunity offers we may present amendments that will improve the features of protection and administration which have been made necessary by developments following the amendments of 1910.

In conclusion your committee offers the following resolutions:

I.

"Resolved, By the National Association of Credit Men in convention assembled, that it again registers its firm belief in the National Bankruptcy Law, recognizing its constructive value to domestic credits, and further, that the Association expresses its conviction that future progress in domestic commerce is bound up in the guarantees of equality that are assured through the National Bankruptcy Law."

II.

"Resolved, That the existing objections to the law are viewed with regret and concern, and while recognizing that differences of opinion upon so basic a law may be natural, yet all should readily appreciate that national commerce requires united thought. It is the sincerest hope of this convention that the objections to the law may be removed, and that all credit grantors will stand firmly in the defense of the equitable and protective principles embodied in the law."

III.

"Resolved, That the members of this Association be requested most earnestly to participate directly in the administration of the bankruptcy law, recognizing the fact that in filing claims direct with referees and not defending their interests in bankruptcy cases, protection cannot reasonably be expected and in consequence of neglect of privilege the law must fail in its best purposes."

IV.

"Resolved, By the National Association of Credit men in convention assembled, that a copy of this report be sent by the National Secretary-Treasurer to each member of the House and Senate Committees on the Judiciary with such of explanatory material as will enable them to understand the nature of the amendments to the law and general orders as are recommended in this report."

V.

"Resolved, That members of the Association when interested in cases where administration of the law has proved unsatisfactory or would indicate neglect or indifference upon the part of the referees in bankruptcy that reports of same be made to the National office and that such cases be investigated and the facts cited to United States district judges for the purpose of correcting faults in referee courts and bringing to the consciousness of every one concerned in the administration of the law, the necessity and importance of its economic and prompt administration."

Respectfully submitted,

CHARLES BIGGS, Chairman, New York;
 E. S. BOTELER, New York;
 W. F. H. KOELSCH, New York;
 ROBERT J. WALL, New York;
 JOHN JOHNSON, Vice-Chairman, Buffalo;
 E. M. STROMAN, Buffalo;
 E. J. SHERIDAN, Buffalo;
 A. E. MATTHEWS, Vice-Chairman, Denver;
 J. H. CUSTANCE, Denver;
 J. M. MULVIHILL, Denver;
 A. W. THOMPSON, Vice-Chairman, Knoxville;
 W. M. BROWNLEE, Knoxville;
 C. R. HAEMSCH, Knoxville;
 F. G. SALTER, Vice-Chairman, Montgomery;
 BERNARD FRANK, Montgomery;
 ROBERT TEAGUE, Montgomery;
 J. H. FOSTER, Vice-Chairman, Norfolk;
 W. A. PARKER, Norfolk;
 C. L. WHICHARD, Norfolk;
 W. A. MASTERS, Vice-Chairman, St. Joseph;
 W. P. TRACY, St. Joseph;
 F. L. HANUSH, St. Joseph;
 J. T. YOUNG, Vice-Chairman, Pocatello;
 J. C. DEAL, Provo;
 A. T. MCCANNE, Salt Lake City;
 W. C. MCGREGOR, Vice-Chairman, Wheeling;
 W. C. STERLING, Steubenville;
 J. R. NAYLOR, Wheeling.

Mr. Biggs moved the adoption of report and resolution.

VERNOR HALL, Dallas—I wish to second the resolution contained in this splendid report. The national bankruptcy law is a credit man's law. The credit men believe in it, but like the cowboy's sixshooter in Texas, the bankruptcy law is an awful thing to have all the time and a mighty bad thing to have to use, and the complaint that arises against this law, as has been well stated, is due to the excessive cost of administration.

Last year the bankruptcy courts of the country took in sixty-seven millions of dollars, and of this only twenty-three millions found its way to the unsecured creditors, at a cost of about five

million dollars. Of that the attorneys got \$2,900,000 and the trustees, who administered the estates and did all the work, got only \$1,843,000.

Ordinarily the attorney who files the petition does not exercise any great legal skill. The petition is all made out in blank; yet he gets a million dollars more than the man who gets out and by the sweat of his brow tries to collect the accounts of the estate and distribute the assets among us unfortunate creditors.

Most of the credit men regard a bankruptcy case like the mother did her baby that had the colic. She said she would not take a million dollars for the baby, but she would refuse to take another one like it short of a million dollars.

Now then, in order to relieve that condition, as the committee's report does not contain any suggestion or practical method whereby those fees would be reduced, I have prepared a resolution which I will read with your permission.

"Resolved, By the National Association of Credit Men, that the incoming committee on Bankruptcy Law prepare an amendment to the law, fixing a maximum sliding scale of attorneys' fees that may be paid for filing voluntary and involuntary petitions in bankruptcy; said amendment to be submitted at such a time as in the discretion of the board of directors may seem best."

I move that that be incorporated in the committee's report as an effort to correct the abuse of the allowance of excessive attorneys' fees.

H. D. CARTER, Atlanta—I want to second that amendment to the resolution, for I have found in Georgia that most of the opposition to the bankruptcy law, when boiled down to its last analysis, is found in the excessive attorneys' fees and in our state, in connection with that, the homestead exemption. The only way we can change the latter in Georgia is by constitutional amendment, but we are working on that and hope to have it rectified at some future date.

C. S. THOMAS, Chicago—In speaking in support of the resolutions offered by our committee, I think it would be well to call attention to the feature referred to by Mr. Garrison in his report on the adjustment committee.

In the first place, the law is fundamentally, in its operation in the case of actual bankruptcy cases, a desirable one, but to my mind one of the most important features and phases of this law is the opportunity which it offers for the adjustment and settlement of the affairs of enterprises which are in financial difficulty temporarily or perhaps actually bankrupt in a way.

I am talking now with an experience of the last few months very clearly in mind. An enterprising firm had gotten itself, through various reasons, into a place where it was delinquent with practically all its creditors. The question came to such a point that involuntary bankruptcy proceedings were threatened. The matter was worked out in this way. A majority of the board of directors of this enterprising corporation resigned. Three other individuals of whom I am one were elected in their places, who then, in order

to facilitate the matter in aligning the creditors for the purpose of making it impossible to force a bankruptcy, suggested that the head of the adjustment bureau of our credit association in Chicago be made a director. We had a third director who was an independent director. The result of our putting Mr. Rasmussen on was that the other two were practically not known to a majority of the houses who were creditors of the concern.

The point of my remarks is that by putting Mr. Rasmussen on their board, we gave every assurance that the Chicago Association of Credit Men and Mr. Rasmussen's ability could be depended upon, all of which enabled us to align every creditor in support of the proposed adjustment.

I spent two weeks right on the floor of the concern. We had numbers of threats of bankruptcy, but were able to say, "You may proceed as far as you like, but we assure you, you will get nowhere because you can not line up the necessary three."

The result was that the case is now practically wound up. We have already paid eighty-five cents on the dollar, horizontally, to every creditor involved, and there is likely to be an additional small amount. In support of the advantage of that eighty-five cents, I will tell you that the best offer that was secured from the business as a whole was about fifty-five cents on the dollar of selected merchandise assets and no use for the receivables, which will give you some idea of how they construed the receivables. Had that concern gone to an involuntary bankruptcy with attendant expense, the creditors would not have received over fifty cents on the dollar. We kept the expenses down to less than forty per cent of what we estimated would have been normal bankruptcy expenses.

That is an incident. The fact, and the vital one, is that with the bankruptcy act behind us, we were in a position to compel what amounted to a friendly adjustment. Without the bankruptcy act we would have been in hot water at once and the creditors would not have been paid eighty-five cents on the dollar. (Applause.)

SECRETARY TREGOE—Mr. Hall offers the following resolution, to be added to the other resolutions offered by Mr. Biggs:

"Resolved, By the National Association of Credit Men, that the incoming Committee on Bankruptcy Law prepare an amendment to the law, fixing a maximum sliding scale of attorney's fees that may be"—why didn't you write better—"that may be paid for"—well—

MR. HALL—That may be paid for voluntary and involuntary petitions.

SECRETARY TREGOE—You wrote this, didn't you?

MR. HALL—Yes, sir.

SECRETARY TREGOE—Well, you come to the platform and read it. (Applause.) That is the penalty when anybody writes as he has written.

Mr. Hall reads the resolution.

F. R. HAMBURGER, Detroit—We are thirty-five minutes behind our schedule now and I had hoped that we would be able to keep up today, but I am going to ask for about two minutes.

I have been attending national conventions for eight years and

have always been interested in the reports of this special committee, this standing committee on the national bankruptcy law. I have not always been able to agree with the committees' conclusions, because I believe that the national bankruptcy law should have been amended and should now be amended.

In its wisdom the National Association delegates to committees the detail work of its organization, which is right and proper, and I am willing now to say to you that matters of this kind should be determined in the first instance by the committee. This committee has made a report upon the national bankruptcy law. I believe that its fear that attempted amendments to the law will mean its repeal is groundless, because I believe that credit men as a whole are in favor of a national bankruptcy law, while a great many of them are opposed to the national bankruptcy law as at present constituted and administered.

The Detroit association has accepted the invitation often extended by the officers of the National Association and has discussed this important question upon three separate occasions, upon which occasions there was in attendance a large majority of our membership. At the last meeting of the executive committee, certain resolutions and proposed amendments were unanimously adopted, every member of the executive committee being present. These suggestions were approved by an association meeting unanimously. I have them here. I intended to read them, but will not. I only ask the courtesy now that they be included in the resolution offered by Mr. Hall of Texas, which I am heartily in favor of, and that they be referred to the incoming bankruptcy committee for consideration. (Applause)

The motion was carried without further discussion.

PRESIDENT JOYCE—We now have a rare treat before us in an address to be delivered upon a subject not named in the program. In this day of the world crisis, we need the advice and information of our best and biggest and broadest-minded and most intelligent men. We are favored this morning in having with us such a man, a man who has not only given much of his time to political life and to the public, but who has done much good in church work and in every field requiring and tending toward benefiting human life.

I take great pleasure in introducing the Hon. Henry J. Allen from Wichita, Kansas. (Applause)

Address of Hon. Henry J. Allen, Wichita, Kan.

I tried to save you this just a few moments ago. When I discovered that your program was traveling just thirty minutes behind the schedule, I said, "Now there is an opportunity for me to do something really useful for this great convention." I called your secretary back and I said, "Now that is the thing to do," but he did not want to change things. He is a stand-patter, he wanted to go on just being late.

As a matter of fact, I have been so busy talking that I have

had no opportunity to think of anything to say. I have just come from the Red Cross drive, where for ten days I have been laying my jawbone upon the altar of my country's service, (applause) and I come to this great convention and I am very glad to be here. I am glad to see this great assemblage of men, to stand for a few moments before the men who, more than any other class in America, are making America a safe place to do business in. (Applause)

As I look over the standards of these states, I am reminded of what a Frenchman said only sixty years ago. He came to America and spent a couple of weeks looking us up in order that he might go home and write a very wise book about us. I did not read the book when it was written, but I read it since, and some of the marvelous things he discovered come back to me this morning as I look at all these delegations from Portland to New York and Massachusetts, met here in the middle west, because this Frenchman said, "America will never become a great commercial nation. The physical obstacles in the way are insuperable. New Orleans is two thousand miles from Boston; Chicago is twelve hundred miles from New York, and there is nothing in between to make for commercial continuity." (Laughter)

I wish he might be here today. Of course, if he is alive, he is busy. (Applause)

Nothing in between? Why, there is everything in between. You can not travel twenty miles in all this broad land without encountering town or village or city, and all linked together by the telegraph or the telephone; and the farmer, no matter how remotely he may be living from the established arteries of trade, goes blithely to his front gate every morning and gets his daily newspaper and his mail-order catalog, and gets in touch with life.

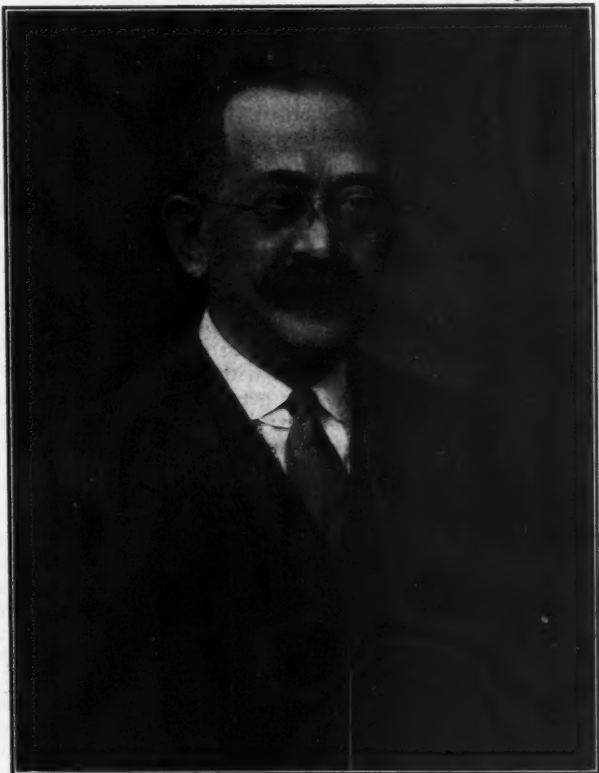
We gather the harvest of one zone today and make it the food of another zone tomorrow. There are no longer any distances upon the earth nor any heights that are not scalable nor any depths that are not penetrable. There are no longer any limitations to the power of man in the physical world. What of conquest is not already his, lies prone and powerless in the victorious pathway of his mighty march through the earth.

We no longer live alone as we did fifty years ago. One man stands at the telegraphic keyboard in Washington and he sets the chords vibrating to the same tune from ocean to ocean. A single pulse-beat, thrown out upon the waves of the air, out beyond the three-mile limit or over across the red fields of France, will send grief and horror and tragedy around the globe.

This instantaneousness has had its effect upon us all. This union of effort and action has deepened our sense of national consciousness. It has intensified the power and the purpose and the effectiveness of popular emotion. The citizen of today, because of the intimate knowledge which he may have of all of the vast affairs of his country's life, has come to feel himself a part of its great organization and a part of its life and in its death, and the instinctive love which our forefathers had a few years ago for a few familiar fields and homes had widened until the term

"country" is no longer a mere abstraction, but has become a living presence felt in the heart and operating in the consciousness. (Applause)

It is no small matter at this great hour that on tomorrow morning, one hundred three millions of people should be reading the same news and thinking the same thought and feeling the same pang



GERSON L. LEVI
Samuel Sternberger & Co., Philadelphia, Pa.
Director

of emotion at a given moment of time, and that the vast parallel of latitude of all the earth should be brought together into a neighborhood more familiar than many a country village was fifty years ago.

So I say we stand at an hour which demands of America that she have citizenship with the whole earth. We stand at an hour that demands of every citizen that he awake to the realization that

we have departed from our choicest national tradition, that national isolation is gone forever, and when this war is over, we may no more go back to it than these brave lads who march away may go back to the carefree boyhood that they laid behind them when they placed their uniforms upon their backs.

The thing we stand to meet today is the marshaling of this great nation, belated but earnest, to meet that thing we could no longer avoid. When I hear a man out of agony, or a woman out of despair, saying, "Why are we in this war?" I have no time to answer the question. We are in the war and we can not talk ourselves through it or out of it. We had to get into the war, apparently. So far as I am concerned, I am only sorry that we wasted two years that should have gone in the marshaling of American efficiency. (Applause)

I am glad that since we are in it, we are marching true to form all over this great land. You men who come from the east were not prepared, some of you, to find us all stirred up about the war. A good many men in the east think the west is out beyond Pittsburgh.

Not long ago in your city of New York, I found them burning red fire along Broadway and offering prizes in moving picture shows for enlistments and worrying about the middle west. They said to me, "Allen, what is the matter with the middle west? Why are you unperturbed? Why at this great hour are you not more patriotic?" I knew we weren't carrying on here like they were there, and I said, "I don't know," and I bowed my head in some shame.

Coming home I passed through Washington and called on Adjutant-General McCann. I said, "What is the matter with the middle west? Why are we not awake?" He pushed a bell and said to the subaltern that came in, "Bring Mr. Allen the record of enlistments of the states up to date," and when the records came he said, "I think you will get some comfort out of those figures."

I found that while New York had been burning red fire and worrying about us, they had recruited fourteen per cent. of their army quota, but in that time Kansas had recruited thirty-four per cent. of hers. I found that while Massachusetts, cradle of liberty and patriotism, had been holding her parades and wondering why the middle west did not awaken, she had recruited eleven and nine-tenths per cent., but Missouri had recruited twenty-eight per cent.; Nevada had recruited ninety-four per cent., and the home state of Josephus Daniels had recruited seven per cent. (Applause)

I am not saying this to be sectional, but merely that I may voice the hope that now since New York and Massachusetts can not visit Europe once a year, they will come and visit us, because it is necessary now, since we stand in array with heart and brain, it is necessary that we go forward as one great, cohesive, homogeneous nation, and we can not do that so long as they do not understand the middle west, because this is the heart of the nation.

Not long ago, last fall in a campaign which would be just as interesting to forget as to remember, (applause) a friend introduced me to a Massachusetts audience as coming from "bleeding

Kansas." He is a Harvard graduate, a fine, intelligent chap. He goes to Europe once a year—or did when the going was good, but he did not know that Kansas has not had a hemorrhage for thirty-seven years.

As one American, I spend no time these days mourning that we are in war. As one American, I realize that out of this war, as a result of the sacrifices we will make, we will come a stronger nation. Shakespeare told us one of the cankers of a calm world and a long peace, and in the sixty years of calmness and of great money-getting, we have been accumulating some of those cankers, and if we had gone on twenty-five years more as we have been going in the last sixty years, in twenty-five years we would have confronted in this country a problem of socialism and of industrialism the answer to which we would not have known where to look for.

When this war is over a new balance will be struck. The I. W. W. will go to work, (applause) and out of the conflict there will come juster relations between those who employ labor and those who labor. There will come more heroic devotion to that fundamental thing a nation calls character, because today we confront for the first time in our lives, ruin.

We have never confronted ruin before in America, and never confronting ruin, we have never confronted reason. We have never had to think things out through remorse and enthusiasm. We have never followed logic to the bitter end, which is the only end of logic. We have not licked an obstacle, we have plowed around it, until we have become a nation of gigantic and magnificent inconsistencies.

The most pitiless thing in the world is logic. Like fire, it is a great servant but it is a bad master, and today America stands before the most pitiless type of logic in the world—the logic of the Prussian, which declares to us that that which is fittest to survive must survive and that that will win which is better prepared to win, and that whatever cruelty and savagery go into the making up of the verdict are justified by the end.

That is the logic we face, and confronting that logic, it is our duty as Americans to stand and make our sacrifice. Oh, I know these are days of great giving. The man who presented your last report told of the giving here to the Red Cross. I was in that great Kansas City meeting the other day, where in the first report they brought in \$337,000 of their \$400,000, and they brought it in from just three or four hundred men.

My advice to them was that they go on until every man in Kansas City who has the money to give, has enlisted some of his dollars in this high enterprise, because, my friends, the man who will not enlist his money in this is a meaner slacker than the man who dodges registration on registration day. The one poor devil is trying to save his life, which may be all he has, but the poor coward who backs away from this command of this sacred and tragic hour is trying to save nothing better than his money.

Ah, American business men, the sooner we get into our minds this truth, that while this may be a great year for profit-making,

it is not going to be a year for profit-taking, the happier we will be in our giving, because we will have to give in America during the next three years. As the Canadians say, we will have to give and give until it hurts, and then we have got to add to those brave words, give until it quits hurting.

As one American business man, I am willing that the government should take this year and next year and until this war closes, every dollar I can make. I only want the government to leave me my business, that it may produce. (Applause)

I am rather inclined to think that that is a sign that it is time for me to quit. (Cries of "Go on.")

You know, my friends, we have never stood before as we stand today, and I am glad to bring you, from a little more knowledge than is given out, the fact that the situation grows stronger. We are in better shape today in Russia than those who have been studying the Russian situation dreamed we would be in these few weeks after the revolution. (Applause)

I happened to be serving upon the Russian Committee of Thirty, which made the program the President has followed in sending the Root Commission abroad, and so in this committee we have had access to some of the Russian "inside," and it never has been so bad as it has seemed. One thing has been as bad as reported, and that has been the subterranean efforts of German diplomacy, but every day we see Russia steady against it, and if Kerensky lives, he will lead Russia out of it and up to the high plane of free men in government; and if Kerensky, who is a sick man, does not live, then God will find some other man, because after all, the thing that is coming out of this war is of God.

Ah, we went into every war we have entered with a smaller program than that we had when we came out. We went to war with the mother country in '76 for a question of taxes on tea, but we came out of the war talking about human freedom. We went to war in the '60's over the industrial status of Kansas, whether Kansas should be slave state or free state. We were not quarreling with our neighbors south of Mason's and Dixon's Line because slavery prevailed down there, but we went to war with the declaration that it could not spread any, but in four years we came out of the war thanking God, north and south, that there was no slavery anywhere in America. (Applause)

And so we go to war talking about our rights upon the seas, but before a blow has been struck, we are talking about the democratization of the world, (applause) and that is the battle now and we are in it until that fight is won.

In a meeting recently, a great meeting in New York, at Long Beach, under the auspices of the American Academy of Political Sciences, one of those Carnegie-endowed institutions of professors from Harvard and Yale and Princeton and Columbia and other great colleges, Mr. Babson, the great statistician of Boston, said, "Mr. Allen, what does the middle west think should be done with Alsace-Lorraine?" I said, "I think we don't know where that is," and he was pained that I should be frivolous in his presence.

All that morning I sat in that conference and heard them discuss geography and America's rights to more islands in the Carib-

bean Sea, which they pronounced Ca-rib-bé-an. I was taught to pronounce it Caribbéan and Caribbéan it shall remain.

Then I said, "Look here, Mr. Babson, if you professors and statisticians and thinkers would come west asking questions of this sort, if we paid any attention to you at all, you would reduce patriotism ninety-eight per cent." He said "Why?" I said, "Because the middle west is not going to war for anybody's geography." (Applause) "We are going to war that we may carry autocracy into its last trench and bury it forever."

And it is my belief that this is the last battle between democracy and autocracy, and it is right that America should lead that great battle in its latter days.

So we are in this thing to the bitter end, and we have got to train our hearts and minds to meet the sacrifices it shall ask of us; but we will be stronger for the training and there is no better hour in the history of the world to settle now and forever whether a government of the people, for the people, by the people, may live upon the face of the earth. (Applause)

Here the convention rises and salutes the flag.

PRESIDENT JOYCE—Our next order of business is the report of the Committee on Foreign Credits, C. E. Thomas of New York, chairman.

Mr. Thomas read report as follows:

Report of Committee on Foreign Credits

The Committee on Foreign Credits is pleased to report the result of a year of activity and we believe, marked progress has been made in the work for which this special committee was appointed.

Your committee was fortunate in having the results of the two previous years' study of the subject, and has been further greatly assisted in its work by the earnest co-operation of our Secretary-Treasurer, J. H. Tregoe. Mr. Tregoe has given much time to the work undertaken by this committee, has made trips to Washington and Pittsburgh, and by his unselfish devotion to the work, has made possible what results the committee may be able to show at the close of its term.

Several meetings have been held in New York; members of the Newark and Philadelphia units have traveled to New York to attend them and the more distant units have held their meetings locally in co-operation with the eastern units.

At the last convention the foreign credit inquiry form, offered for distribution, was approved and recognized as the standard form for the association. A few minor changes were made before the form was actually printed and distributed to all members requiring it. The first edition of twenty-five thousand blanks was exhausted shortly after it was printed and a further supply was made available and may now be had from the National office by all who can use them.

Two years ago this committee recommended that there be established in the National office a Foreign Credit Bureau for educational

and practical helpfulness in the interest of developing the foreign trade of this country. The recommendation had careful consideration during the succeeding term and at the convention in Pittsburgh last June a resolution was adopted endorsing the plan and authorizing the expenditure of any reasonable sum for the maintenance of the Bureau. It gives us much pleasure to be able to report to you today that the bureau has been in operation and serving our membership for nearly a year.

Careful thought was given as to what should be the scope of the bureau and to which of the possible activities it should first devote its efforts. Three in particular promised greatest immediate benefit to the largest number and it has directed its energies toward:

First.—The compilation of sources of foreign credit information.

Second.—The listing of the names of members, according to the foreign cities and, countries in which they have accounts, or are interested, through a desire to extend their export business.

Third.—The collection, from reliable sources of information relating to credit conditions and standards in the foreign countries.

Many possible sources of foreign credit information have been suggested by interested members and these have all been carefully investigated to establish their reliability and availability, with the result, that a list of fifteen has been secured and is being distributed to all those members of the National Association who ask for it. It is gratifying that the Bureau of Foreign and Domestic Commerce, upon seeing the completeness of the list, asked to be allowed to make use of it in connection with its own work. Evidently this sort of information is valuable and in demand for there have already been approximately three hundred applications for the list. Other sources are being investigated and will be added to the list as rapidly as the qualifications are determined.

There has not yet been time to canvass the entire membership for listing under the countries in which each is interested. However, several local associations have undertaken to circularize their members, requesting that they record themselves with the bureau and the bureau itself has covered certain cities of this country where it is known there are many members interested in export trade, with the result that nearly four hundred names have been recorded under 150 different foreign countries, and over 1300 different foreign cities or towns. This list is available to all members on application to the bureau, naming the cities or countries on which it is desired to obtain information.

For example, a manufacturing company in Indiana receives an inquiry from a new customer in Casablanca, Morocco. It is not familiar with that market and has no information on file regarding the inquirer, who is likewise unknown to the local office of the commercial agency. The manufacturer writes to the National office, Foreign Credit Bureau, states its case and asks for names of other members interested in the market and having customers in Casablanca. The names are given by return mail and the manufacturer

is enabled to write to any one on the list and inquire about the new name and the conditions in the new market, and through this sort of co-operation both the inquirer and the one inquired of, is able to profit. This list is also used to distribute the special information resulting from the third activity of the bureau.

There have been issued six special confidential circulars, containing information on local conditions and standards. These have



C. E. THOMAS

United States Steel Products Co., New York, N. Y.
Chairman, Foreign Credits Committee

been mailed to all members whose names have been recorded under the locality to which the circular relates. It is desirable to definitely state that no information is circularized, except such as has been received through authoritative channels. Members have been good enough to offer favorable expressions with regard to these circulars. One member, who received a report on conditions in British East

Africa and Uganda, wrote that his business in Uganda had dropped off noticeably during the preceding months and the explanation was first found in the circular sent out by the bureau.

Your committee desires to call special attention to the cordial co-operation of the Bureau of Foreign and Domestic Commerce and to the many courtesies accorded by Dr. E. E. Pratt, Chief of the Bureau. The committee has recorded its gratefulness in a letter to Dr. Pratt, but it is fitting that the entire association should give the broadest recognition to the eminent assistance which Dr. Pratt, and his subordinates, have rendered to it through the Foreign Credit Bureau, and we shall take advantage of the opportunity to incorporate, a little later on in this report, an appropriate resolution in that respect.

Dr. Pratt invited Benjamin B. Tregoe, who is in charge of our bureau, to spend several weeks in his office in Washington, in order that he might see what information is available there. It was also at the suggestion of Dr. Pratt that a list of questions was prepared by your committee and sent by the Department of State to all American Consuls and Commercial Agents. These questions were such as every credit man would desire answered before undertaking credit risks in a new field. They were such questions as had never before been permitted to be answered by American Consuls. It is greatly to be regretted that the developments of the world war, immediately following the sending out of the questions, should have made it necessary to defer attention to them for the present. We, however, have the assurance of Dr. Pratt that as soon as conditions permit, the questions will be answered by every Consul or Commercial Agent, and the result will be available to our membership through our Foreign Credit Bureau.

The Bureau has not confined its activities entirely to the three general subjects previously mentioned, but has given freely of its time and ability to take up special inquiries of members on almost every subject of interest to an export credit man. Just to show the variety of the problems submitted to the bureau, we mention a few of them:

"A member asks for help in running down a man who had previously been his agent in the Antipodes and had absconded with funds placed in his hands for a specific purpose for which they were never used.

"Another wants to make a contract with a corporation in one of the West Indies to sell machines to be shipped on consignment and remain the shipper's property until paid for, and asks for an approved form of contract for the purpose.

"Another has past due accounts in a neighboring country and asks if we can find a commission house in New York that would like to buy them—at a discount.

"Another has had difficulties in connection with charges on order bills of lading in a South American country. He wants to know how they can be avoided in the future.

"Another—(an individual) asked for information regarding the opportunities for securing remunerative employment as a credit man in South America."

Needless to say, the abilities of the bureau are taxed to the

utmost to give satisfactory answers to such inquiries, but earnest efforts are made to assist in every case, and in many, the efforts have been crowned with success; notably in two cases. Several members asked as to proper methods of financing shipments to Mexico during the period of partial intervention. There were 104 names of members listed as being interested in Mexico. Inquiries were sent to each of them and 102 responded, giving the information desired. This was incorporated in a circular and sent to the various inquirers. More recently similar inquiries were received with respect to Salvador and Costa Rica. A similar canvass was made with equally good results. These two examples are indicative of a spirit of co-operation which is rapidly replacing the secretiveness which formerly prevailed in the export trade. The National Association of Credit Men can well take to itself the credit for the great advance in this respect, because it could not have been brought about if it had not been for the higher ethics among credit men taught and popularized by this Association.

We have dwelt to this extent on the work of the Foreign Credit Bureau because it is desired that its value should be recognized and it is hoped that every member of the Association will, without further invitation, write to the National office and give the information necessary to record his name in the list of countries in which he is interested, in order that he may receive, without further request, all data developed by the Bureau in connection with those countries. It is hoped that the traditions of the Association, with respect to co-operation among all its members, will be maintained, and that when inquiries are received, as the result of such listing, full and complete answers will be given, because only in this way will the bureau be able to render maximum service to the membership.

Your committee, and the National office, will be very glad to receive suggestions towards the improvement or extension of the work of the bureau along lines consistent with the objects of the National Association.

The National Foreign Trade Council has always welcomed the co-operation of the National Association of Credit Men and our association has usually been represented, through this committee, at the foreign trade conventions held under the auspices of the council.

The fourth annual convention was held in Pittsburgh, on January 24th to 26th, this year, and our Association was invited to co-operate by taking charge of the group conference on foreign credits. The responsibility of arranging a program and carrying it out was undertaken by your committee. We were ably assisted by members of the association who made very interesting addresses on the subject selected for the conference—

"The Need of a System for Foreign Credit Granting."

Your committee recommends to this convention the adoption of the following resolutions:

I

"Resolved, That the National Association of Credit Men, in convention assembled, recognizes the advantage to be obtained

through the establishment in local associations of Special Committees on Foreign Credit to co-operate with the national committee and approves the work already done by those local committees which have been appointed and are actively undertaking the work. This convention recommends that the movement be further extended, and that even though in some associations there may only be a few members interested in foreign trade, that in all associations the subject be given consideration from the viewpoint of preparation for a greater interest in the foreign field after the termination of the war."

II

"Resolved, That this convention express its appreciation to the Foreign Trade Council for the interest it is displaying in the study of foreign credits; the courtesies it extended this committee at the last foreign trade convention and for encouraging the co-operation which permitted the holding of a conference on foreign credits at its convention in Pittsburgh on January 24th to 26th of this year."

III

"Resolved, That this convention recommends and endorses federal legislation that will encourage and promote our smaller manufacturers to enter the export field individually, or by combination, giving them the right of such combination as may be necessary effectually to carry on an export trade in competition with foreign manufacturers."

IV

"Resolved, That this convention recognizes the relation of our foreign trade extension to educational means and facilities for the preparing of our young men in enterprises to enter the export field successfully, and directs the incoming Foreign Credit Committee to send a copy of this resolution to all of our leading universities and colleges with the request that their attention be directed to the subject and earnest consideration given to its necessities."

V

"Resolved, That the National Association of Credit Men, in convention assembled, records its very sincere appreciation and thanks to Dr. E. E. Pratt, and his able staff of assistants, for the very courteous co-operative way in which they have encouraged the Foreign Credit Department and extended facilities to its manager, and this committee, for assembling information and rendering service to members of the association interested in the foreign field."

Respectfully submitted,

SPECIAL COMMITTEE ON FOREIGN CREDITS

C. E. THOMAS, Chairman, New York;

A. H. BOETTE, Honorary Chairman, St. Louis;

JAMES MATTHEWS, New York;

J. D. HOPKINS, New York;
HAROLD B. GREGORY, New York;
F. S. PHILLIPS, Long Island City;
E. L. SHIPPEE, Vice-Chairman, Kenosha;
C. H. STRAWBRIDGE, Chicago;
W. S. ESTELL, Chicago;
H. W. ANGEVINE, Vice-Chairman, Newark;
ARTHUR L. MYERS, Newark;
GEORGE ALTHEN, Newark;
WALTER K. HARDT, Vice-Chairman, Philadelphia;
GEO. F. GENTES, Philadelphia;
CALVIN M. SMYTH, Philadelphia.

Motion made to approve report and adopt resolution as read.
Seconded.

The motion was carried without discussion.

PRESIDENT JOYCE—We are indebted to the Bureau of Foreign and Domestic Commerce for sending to us one who is competent to talk upon the subject of "America's Opportunity," and I take great pleasure in presenting to this audience, W. W. Parker, assistant to Dr. E. E. Pratt, who will now address us. (Applause)

PRESIDENT JOYCE—We will defer the report of the next committee until the session this afternoon. That committee is too important to rush its report at this time. Your afternoon session will be presided over by our first vice-president Silas J. Whitlock, of Chicago.

The Use Credit in Export Trade

ADDRESS BY DR. E. E. PRATT, CHIEF BUREAU OF FOREIGN AND DOMESTIC COMMERCE

There are three fundamental reasons why the subject of foreign credits should be one of those uppermost in our minds today.

First the tremendous growth of our foreign markets, and the likelihood that many of these new markets will be permanent has forced us to give our keenest attention to the flood of diverse requests for the extension of credit that have come to us from thousands of importers and distributors in foreign lands.

Secondly, the enormous destruction of capital now taking place will put for years to come such a burden on the credit structure of world trade as to force its utilization, as it must be and will be utilized to the full extent to which it can serve as a substitute for the capital destroyed.

Thirdly, it is scarcely necessary to mention it, we are engaged in the greatest and most desperate war in all our history. The nations we are cooperating with, and to which we are giving every aid in our power, are anxious to conserve their limited supply of gold, while many neutral nations from which they and we are drawing supplies are either unable or unwilling to continue to furnish these supplies on the basis of future payment.

These three causes of our intense interest in foreign credits, appearing to us daily in the form of an unending mass of details, with conditions bound to grow worse before they grow better, are destined to tax to the utmost our powers of wise decision.

The ways and means by which these various and grave demands are to be met, now that we have made the decision to meet them, rests largely on the gray matter of the credit man, from the foreign credit expert of the small export firm to the presidents of the biggest banks, and the highest officers of the Treasury Department.

It is a task which no one man, or no one firm or bank, however big and powerful, can even attempt to undertake alone, and if I bring you any suggestion or any fact that I would emphasize, it is that this new world we are so rapidly entering demands already from you and the firms you represent, and the banks that stand behind you, the utmost immediate cooperation in mobilizing and using the huge reserve of credit resources that we have accumulated.

While the bulk of our exports are going to the western countries of Europe, the commercial credit man is more immediately concerned with the financing of our trade, import as well as export, with those countries for which our government has as yet arranged no commercial credit, with the Central and South American and far eastern countries; with the neutral debtor countries who are hard pressed to pay for their imports, to keep up the interest on their national debts, and to maintain the production and exportation of their products.

South and Central American countries are lands of vast undeveloped resources and sparse populations. Their two great needs are capital and immigrants. Without capital, additional inhabitants are helpless and without corresponding units of labor the employment of large amounts of new capital would be impossible. There is normally a steady increase of both capital and population in this great and varied region called Latin America. Since the war their capital and credit have been cut to a minimum, new undertakings have declined, and many of their governments have come to the verge of bankruptcy. Almost all of these countries are in the process of transferring their normal commercial and financial relations from Europe to this country. We have become their largest customer as well as the largest supplier of their imports, and with this new relation has come the responsibility and the opportunity of developing their productive ability by extending them long term and short term loans.

As in all new countries, one of the most important and most needed extensions of credit is to the owner of land, the producer of staple agricultural products; and this form of credit, the land mortgage, is everywhere one of the safest of all credit transactions, as the lenders to our middle western farmers have long ago discovered. The lands of Central and South America are rich; their products are valuable, and their owners are paying today the high rates of ten, twelve and fifteen per cent. or more on their mortgage loans. The extensive coffee plantations of Central America, Colombia, Venezuela, and Southern Brazil can pay and are paying

high and steady returns on large amounts of borrowed capital. So, likewise, are the cacao lands of Ecuador, Brazil, Venezuela, Trinidad and Santo Domingo, the new rubber plantations of the upper Amazon, the wheat and corn prairies of Argentina and Chile, the sugar and banana plantations of Cuba, Jamaica and Central America, the cotton and sugar lands of Peru, and the cattle and sheep grazing ranches of all these mainland countries, and this is a kind of credit in which we as exporters and importers are directly interested, for without their possession of this capital they could not send us the materials we need, and they could not pay for the articles we are sending them. Hundreds of millions will be loaned on Latin American lands yet untouched by a plow, and by renewing mortgages at lower rates, hundreds of millions can be loaned at 50 per cent. of their value on developed property of proved worth. With our experience, in making mortgage loans in this country, Canada and Cuba, and with the organization of the Federal Farm Loan System, and the establishment of a flat rate of 5 per cent. for the entire United States, we need not hesitate to enter this wonderfully attractive credit field in the Pan American countries.

As you well know, besides this wealth of agricultural products, Central America and Brazilian forests contain quantities of mahogany and other valuable woods, Colombia is the second platinum producer of the world, Bolivia the second tin producing country, with immense reserves of copper, silver, antimony, and other minerals, Peru is another of the great copper mining countries, while Chile has the valuable monopoly of nitrates, with rich mines of copper, iron and coal. In Brazil no one knows the extent of the high-grade manganese and iron deposits and Argentina, besides her resources of quebracho forests and fertile prairies, has recently discovered extensive petroleum fields.

The development of these huge resources requires capital in the form of agricultural implements and machines, flour mills, sugar centrals, tanneries, packing and refrigerating plants, sawmills, mining machinery, irrigating ditches, roads and railroads, port equipment, shipping lines, and public utilities of all kinds. All of these requirements are for permanent investments, for long term loans of a distinctly industrial and public utility nature. And this capital must be furnished, these loans must be made, if their commerce is to continue to grow, for their prosperity and their purchasing power rest upon the development of their natural resources.

With the exception perhaps of the Argentina cereals, the agricultural and mineral output of Latin America is of a remarkably steady character. Once the initial investment is made, the production of the mines is continuous the year around granted a market and sufficient labor supply. Cacao and coffee trees come into bearing in about five years from planting and produce continuously requiring from four to seven months from flowers to fruit. The sugar season ranges from ten to twelve months, and banana plants produce in from ten to eighteen months, from which you can form some idea of the amount of working capital required by the Latin American farmer and plantation owner, and if you are good credit men, you will make careful study of the conditions under which

these crops must be grown, for upon their observance depends the solvency of whole regions, and the extent to which credit may be safely granted.

Upon the regularity of the output of mines and soil rests in large part the whole merchandise structure of Latin America. During the periods of production in the case of crops, and of suspension of operations in the case of mining, the communities dependent upon these activities must be carried over. Everywhere the retail merchants make advances upon the crops to their regular patrons, the wholesalers advance to the retailers, the importers make advances to the wholesalers, and the banks to both, while banks and wealthy individuals also advance directly upon growing crops. Naturally, the banks and the importers turn to the foreigner for both long and short loans, the former to the foreign banker and capitalist, and the importer to the foreign manufacturer or exporter from whom he purchases his supplies. As the manufacturer formerly was seldom in a position to grant extensive credits, a system of international merchant-banking firms has gradually grown up by which middleman trading or commission houses of large working capital and good banking connections have given long credits to the raw material producing countries, and paid cash to, or secured shorter term credit on easier conditions from manufacturers in the great industrial countries. When the length of the tropical crop year is taken into account, the time and expense required to prepare the products for market, the fact that most of the production goes over bad roads to inadequate ports to be shipped thousands of miles to the purchasing country where it undergoes further manufacture before reaching the ultimate consumer; when these facts are considered, it is obvious that under normal conditions where interest rates of 10 per cent and up are cheerfully paid, ordinary commercial credits are justifiably longer than is customary in the United States.

Add to the above facts the further ones that the population, exports and imports of Latin America are constantly growing, and we need no further explanation of the insistent demands for capital and credit; and these same facts indisputably prove the safety and profit with which those who would meet these demands may do so. Normal thirty day transactions in domestic American trade become normal ninety day transactions in Latin American trade, while six months and twelve months credit are in many lines at times normal, safe and proper extensions to reliable parties.

There are times also when abnormal demands for credits arise, for which provision should be made if we are properly to conserve mutual international interests. Our southern states experienced such a crisis when at the outbreak of war, the market and the price of their chief product were cut nearly in half, and the treasurer of the United States had to come to the rescue. Similarly the setbacks to the nitrate industry of Chile, the mining of Bolivia and Peru, the occasional destruction of the banana crop of Jamaica by hurricanes, the coffee crop by disease, the wheat and pasturage of Argentina by droughts, should only be regarded as exceptional calamities, just as such occasional misfortunes are so regarded in

this country. Latin American markets and Latin American products have come to stay. For those who study them and valueate them correctly, I venture to predict a long and prosperous future.

There has come to my notice recently many evidences of a subtle propaganda that is being made throughout our country in opposition to the development of our foreign trade. I hear otherwise well informed Americans repeating somewhat stupid arguments of evident enemy origin, such as the one that international trade inevitably is a breeder of international wars, or that investments in foreign countries inevitably involve the oppression of their population, and also ultimately lead to war, and others in similar vein evidently intended by their most interested supporters to help preserve German trade interests in foreign countries through the war period by discouraging attempts on our part to build up such interests. The answers to such one-sided objections are too obvious to require mention. There are too many instances of long continued, peaceable, commercial intercourse between nations mutually dependent. As in the case of individuals, international contact of any sort brings opportunities for international disagreements. It is universally the spirit to settle differences by the imposition of superior force that lies at the roots of war, and it is in our power, in your hands very largely, to make our foreign trade pay dividends of international friendships as well as of national profits.

Before taking up the more technical problems of credits and collections in foreign countries, I wish to contrast the economic and commercial situation in the great developing centers of China and Russia with that in the Latin American countries nearer at home.

While China is a country of great undeveloped mineral resources, and immense potentialities, it differs strikingly from the Latin American economy in the existence of immense masses of inhabitants supported by a most intensive system of agriculture and a most primitive system of trade and industry. It is for this reason, due to its previous, unique isolation, perhaps the greatest potential field in the world for investment of certain forms of capital or the extension of credit. Owing, however, to the unsettled political situation and the extremely backward state of Chinese commercial law, the extension of credit to China, for a long time to come, must be made only with the greatest care, and in proportion to the development of more stable provincial and central governments, an organized system of taxation, and laws and regulations enforceable through Chinese courts for the protection of creditors.

Besides its great mineral resources of iron, coal, copper, lead, tin, antimony, tungsten, gold and silver, China is one of the world's great producers of silk, wool, cotton, hides, rice, tea and vegetable oils. Unlike any other great nation in the world it had, until recently, practically no good roads or railroads, and has today but a fraction of those whose construction would be commercially and financially profitable. Here again it differs radically from the Latin American countries where lack of population, or lack of fuel are the retarding factors in transportation improvement.

To build her badly needed roads and railroads, to restore her canals and irrigation channels, to develop her mines and industries, and to improve her agriculture, China needs today and will need for many years huge sums of capital. Most of this, it seems probable now, will be in the form of long term loans to the central and provincial governments, or will be invested directly by foreigners under special contracts with the Chinese authorities, while a great part will be furnished by the Chinese themselves.

As with Latin America, the distance from the point of origin to the points of destination of Chinese imports and exports, the slow and expensive means of transportation, and the uncertainties of market conditions, require the creation and maintenance of large reserves of working capital for the conduct of Chinese foreign trade. Here is distinctly the problem of the American manufacturer, exporter and importer engaged in the Far Eastern Trade. The Chinese themselves do business largely on a cash basis, and have developed no elaborate credit system. They are not active either in selling their products to other countries or in buying from them. The burden and rewards of carrying on Chinese foreign trade have always heretofore devolved upon the citizens of other countries, and there is no reason to anticipate any immediate change in this respect. Consequently, the China trading companies and export manufacturers find the establishment of American representatives and American banks in China and the financing of American-Chinese trade almost a necessity, if their commercial relations are to continue and are to grow.

While in China extensive credit, for the most part, may be safely granted only to government authorities and to foreign firms established in Chinese cities, the situation is different in Russia. In this great country, the economic conditions of European Russia with its dense population resemble those of China, though of course much modified by longer contact with European civilization; while in Siberia the situation more nearly approaches that of the sparsely populated South American countries.

As the great majority of Russians are agriculturalists, the land mortgage is again one of the most widespread and safest forms of credits. The peasantry, for the most part, live in villages connected by bad roads with the larger cities that are the industrial and distributing centers. Russia, like China, is poor in railroads, transportation facilities, and public utilities, but rich in agricultural resources and in minerals,—possessing great deposits of salt, coal, oil, iron, copper, lead, zinc, gold, silver and platinum, and enormous forests of commercially valuable trees. While investment in China must await the gradual growth of international reorganization, and in Latin America the slow increase in population, in Russia, all the elements necessary to immediate returns on unlimited amounts of capital exist today. To the permanent investor, Russia offers an inexhaustible labor supply, immense areas of fertile land, great metal resources, and, with the reforms we are hoping from the new regime, the removal of restrictions and obstructions upon the employment of foreign capital, and the enforcement of a modern system of commercial law, with consistent administrative pro-

cedure. These, it seems to me, are some of the fundamental factors in Russian trade that it is the business of the far-sighted credit man to discover and to bear in mind as he passes judgment on extension of credit to—for instance, the Union of Russian Zemstvos, who are huge purchasers of supplies, or to importing and wholesale firms throughout Russia.

In the development of foreign trade the success of all commercial nations has been gained by methods and practices developed in domestic trade. As England was the first country to develop the modern industrial system, so she was the first to establish the channels through which her manufactured articles were supplied to what we call the "raw material countries," and through which their materials and foodstuffs could be supplied to British industries and workmen. This organization consists of several classes of middlemen; the familiar export merchant and commission firms and the importers, the wholesalers and retailers located in foreign countries. Supporting this commercial and semi-financial organization are the British foreign and colonial banks, as you well know, that have more and more taken over the technical financing function, and specialized in credit information and credit giving. The stronghold of British world trade, notwithstanding the British colonial empire, and the British merchant marine, has undoubtedly been the London specialization in commercial finance, from reliance on which even the powerful German trade organization was never able to free itself.

When the Germans came upon the stage of world trade, they found the British and, to a lesser extent, the French, Dutch and other nationalities intrenched behind these organizations. With that thoroughness in organization which has become a byword, they set to work organizing and consolidating their staple industries, developing new ones of a non-competitive nature and establishing their own export selling agencies, their own importers and wholesalers in foreign countries to sell, in competition with other industrial countries, German goods direct to the native retailers. To induce the retailer or the native wholesaler to purchase, they granted long terms of credit, and availed themselves freely of the supplies of the London discount market to secure the funds. As their trade grew, the great German banks (and in Germany the banking power is consolidated in a very few banks) established branches throughout the world, and, when the war broke out, were rapidly becoming independent of British and French capital. We know from the limited amount of news that trickles through from the Central Powers, that even more ambitious plans are being made to dominate the world's trade after the war. A speaker at an Austrian meeting of united manufacturers is quoted as having stated that plans had been perfected whereby, after the war, one hundred and twenty million people (the total population of Germany and Austria-Hungary) would buy their supplies from the rest of the world as a unit. We know that the various industries of Germany have been more and more consolidated into cooperative groups, until virtually all German industry has united as one organic producing and selling agency backed with full power of the

great German banks and the organization of the German government.

One of the most important and effective steps that the entente powers and this country can take, not only to meet this trade Colossus but to more effectively promote the commercial ideals for which we stand, and to serve the interests of the less developed countries with which we trade, is so to organize our facilities for extending credit that never in the future shall smaller and weaker countries be forced to depend upon a power so dangerous to their freedom.

America is strong through her standardizing methods, in the production of a wonderfully wide variety of inexpensive articles of high quality, and she is strong in possessing the world's greatest supply of capital. We are weak in practically every other essential, material factor in foreign trade, and we are especially weak in our financial and credit mechanism. It is only some two years ago that our modern banking system came into operation, and the great mass of commercial credit in this country is still carried in the form of open book accounts rather than in the more liquid and economical form of trade acceptances, the indispensable credit instruments of foreign trade.

The facilities for the growth of great discount markets in this country now exist. We have here the banking equipment to provide them and we have the supply of capital to support the low discount rates that draw bills of exchange from all over the world. We must do more, however, than merely await the rushing of this business of financing the world's trade. There must be branches of American banks in foreign countries to buy and sell, at low rates of discount, dollar bills drawn on this country, and there must be American exporters who have done something more than sell their goods cash against documents, American port.

With the passage of the Webb bill, manufacturers in export trade will be free to combine their resources in establishing foreign selling agencies, conducting joint advertising campaigns, delivering their product direct to their foreign customers, and extending credit to the reputable foreign purchaser.

It remains for the American manufacturer of exported articles, and the American export firms to do their part in providing for foreign purchasers and distributors the credit facilities they have normally enjoyed, and that they are properly entitled to ask. With the surplus of capital in this country and the deficit that will exist in so many others, it is not only the opportunity,—it is the obligation as well of the American exporters to become personally better acquainted with the business men of other countries, to inform himself of their integrity, and to make arrangements to extend them credit on reasonable terms.

As you well know, the basis of credit is confidence, and we have more confidence in people we know and know about than we have in strangers. It is not possible for the banks to do all of this introductory credit information work. As you well know the best source of credit information is the business man's own true accounts. This source is not always or often available, but the best

substitute,—the current ledger accounts of his sellers and creditors, is at your command if you choose to make use of it.

I have been told that a movement is on foot among the firms interested in doing a permanent export trade, to exchange credit information concerning their customers in foreign countries. I know of no movement that I more heartily endorse, and to which I would more willingly devote the services of the Bureau of Foreign and Domestic Commerce. With this war, the day of individual effort has passed, and especially is this true in foreign trade. You will need to cooperate with each other, with your banks, with your merchant marine that is to be, and with your government. If you do not all unite in supporting common selling agencies, you should all unite in establishing a bureau for the collection and exchange of current, accurate, foreign credit information and, what is more important, you should see to it that a competent, experienced man is entrusted with this service.

In every country in the world, there are firms and individuals as worthy of your confidence, and as much entitled to credit as the houses of the highest standing here at home,—many of them with reputations for square dealing longer than some of us have been in business. There is no reason in the world why these foreign business men should be compelled to pay cash in this country for their purchases from us, except our own ignorance and inertia. It should be the business of a foreign credit information bureau to seek out the reputable purchasers in all parts of the world, to keep an up-to-date file of all essential information about them and to extend facilities to care for it.

America's opportunity in this great time of stress and sacrifice is to render every service in her power to those less fortunate and less able than herself, to facilitate the way of those who come to us with their orders, to extend her economic and industrial resources as well as her military power to those who need and merit them.

At the present moment, I can assure you, with all our faults and failings, there stands no nation more universally trusted and more generally liked by the people of the many countries of the world, than our own America. Wherever you go that you can go, you will be welcomed because you are an American. Even our enemies assail us no longer by directly attacking our ideals and our aims, but only by innuendo and allegations of insincerity. There exists for American industry and American trade a wonderful, worldwide goodwill. You know how valuable an asset it is. By mobilizing and directing our vast credit resources to the use of those who need them, it lies in your hands, as credit men, to maintain and extend this goodwill. (Applause)

SECRETARY TREGOE—With your permission, Mr. President, I am going to ask Mr. Max L. Masius of New York, to send the greetings of this association to his fellows of the National Wholesale Grocers' Association now in convention in Chicago, if that is approved by you.

PRESIDENT JOYCE—We will start session on time this afternoon. Mr. Whitlock is in charge and he is never late anywhere.

Adjournment.

Thursday, June 21, 1917, Afternoon Session

VICE-PRESIDENT WHITLOCK, Chairman: The convention will now come to order. The first report this afternoon will be the report of the Mercantile Agencies Service Committee. This report was to have been read by its chairman, E. F. Pillow, of Rochester, who is unable to attend. The report will be offered by our old friend, Ira D. Kingsbury of Rochester a member of that committee. (Applause)

MR. KINGSBURY—We are in a time of war, but I will not attempt to "get back" at anybody who is absent. What I will say to him to his face when I meet him back in Rochester next Monday, I will leave to you to imagine.

Mr. Kingsbury reads the report as follows:

Report of Committee on Mercantile Agency Service

To the Officers and Members of the National Association of Credit Men:

Your Committee on Mercantile Agency Service has nothing of a startling character to offer, for its work throughout the year has been of an even tenor and expressive of a clear understanding and a warm cooperation between the National Association and the mercantile agencies.

It may be significant and is so regarded by your committee that during the year but few complaints were received about the service and reports of the agencies. We have felt that the decrease in complaints was a natural result of the close sympathy that has been brought about between the Association and the agencies and the strong desire of both to be cooperative and fair. As complaints were received by your chairman either direct or communicated to him by the secretary of the National Association, they were given careful and prompt consideration. Each complaint was disposed of in a most definite way. Matters other than complaints, suggestions and ideas for the improvement of the service were received by your chairman and given the most considerate treatment.

The executive officers of the agencies have with unfailing courtesy and attention granted to your committee assistance and advice in the handling of all matters, and there has been held at the national office as during the previous year conferences of several hours of a most helpful and cordial character between the Rochester unit of the committee, including its chairman, and executive representatives of the agencies. Much that will be offered for your consideration in this report has resulted from the conference and before proceeding to place in a brief and lucid way the various conclusions and recommendations of the committee, we want to emphasize the value of cooperation in this department of credit service for it has been demonstrated through a period of years that if reasonable improvements are asked for, if assistance and advice are sought for the correction of defects and faults in the

service, the executive officers of the agencies are more than willing to meet our Association and do their very best in conceding the improvements and in correcting faults. Your committee, therefore, desires to recommend to incoming Committees on Mercantile Agencies the plan of maintaining a close and cooperative touch with the executive officers of the agencies expecting to receive their courtesy and considerate attention.

We wish now to present directly and briefly the various conclusions and recommendations of the committee, with the hope that every feature of the report may have the careful consideration of the convention and of the Association's membership when the report appears in the convention number of the Bulletin.

In the Mercantile Agencies Service Committee's report at the Pittsburgh convention is found this paragraph:

"It was found that the mercantile agencies have endeavored in various ways to obtain information from their subscribers on the subjects of their inquiries, and when accounts become unsatisfactory for any reason and would be regarded as dangerous risks. A very small proportion of the subscribers have responded to this system and it, therefore, rests upon the National Association of Credit Men to encourage this form of cooperation."

One of the agencies has printed on the reverse side of its inquiry ticket a form covering this suggestion to be filled in by the inquiring subscriber but the agency claims it is not receiving the attention and support from subscribers that this character of service deserves. The other agency furnished a similar form but abandoned it several years ago because of its limited use by subscribers. Your committee earnestly recommends that each subscriber make it a duty to report to the mercantile agencies unfair and unsatisfactory experiences, that there may result therefrom a more protective character of reports and thereby this service on the part of the subscriber be compensated for.

The need is again emphasized of the mercantile agencies incorporating in their forms of financial statements this question: "Are books of accounts kept, and if so, what is the character of them?" It would appear upon inquiry that the agencies have incorporated this question in their financial statement forms and it will be an obligation upon subscribers to report to the agencies all cases where the information is missing from financial statements contained in their reports.

The need was also emphasized of reporters of the mercantile agencies exercising the greatest care when compiling reports, especially when taking financial statements, so that this same question will be answered in each instance accurately and the reports compiled show clear marks of careful work.

It was the belief of your committee that trade opinions and reports have improved in form and character, and, in order that this feature of the mercantile agency report might be of a helpful and protective character, the members of the Association should be willing to supply the agencies with accurate credit information when appealed to, and recognize when so doing that they are helping to build up a more efficient and protective reporting service.

The question of insurance against fire, life and liability is of increasing importance, and, while it is customary for the agencies to inquire into insurance against the fire hazards, yet the risk arising through other hazards that may affect the abilities of merchants to meet their obligations should be inquired into, and we have therefore recommended most urgently that the agencies ascertain whether or not merchants are insured properly against the workmen's compensation hazard, against other forms of liability, and also whether or not they are carrying life insurance for the benefit of the business. There arises incidentally this thought that where an automobile is owned and operated either for pleasure or for business, it should be known whether proper liability insurance is carried, for one accident of a serious character might wipe out the entire paying abilities of a merchant.

It is still recommended by your committee that complaints referring to the local service should be filed with local superintendents, either direct or through local committees on mercantile agencies service, and that complaints or suggestions regarding the general service should be filed with the secretary of the National Association, or direct with the chairman of the Committee on Mercantile Agencies Service of National Association.

It is furthermore believed by your committee that it is advisable for local committees to act as consulting and cooperative bodies with local superintendents; that meetings monthly might well be held of these committees to which local superintendents, individually or jointly, could be invited where matters relating to the service could be talked over in a frank and cordial way. The binding together of the local committee with the local superintendent will carry its compensation and result in ways and means being discovered for the improvement of the service.

For prosecution purposes and in order that the statement obtained by a mercantile agency might be available, the recommendation has been made by your committee to the mercantile agencies that when asking for financial statements they indicate on the statement form, or in the letter, that it was requested for the benefit of their subscribers. This method will link together the maker of the report and the subscriber who makes it and is relying upon its good faith. One of the agencies has adopted this plan and it is hoped by your committee that the others may do likewise in order that it shall be uniform.

Recognizing that at times fictitious name laws in the states where they prevail are not complied with, a request was made by your committee, the importance of which it hopes you will recognize, that when reporting a subject operating under a fictitious name, efforts be made to ascertain whether the fictitious name law has been complied with through the recordation of the names of the proprietors in accordance with the laws of the states provided, of course, such law prevails. For the protection of creditors this law should be complied with and the offenders prosecuted where failure of compliance occurs and the agencies can help.

It was suggested by a member of the St. Louis association that where a subject refuses to give a financial statement, and persists in the refusal through a period that might be considered fair, the

rating of such merchant or house be withdrawn. This suggestion received careful consideration in a conference with the agencies, and your committee was assured that except for occasional mistakes the agencies did not give a capital rating to subjects who refuse to make statements unless they had sufficient information from outside sources to warrant such rating.

Several suggestions were received by the former committee and also by this committee from members requesting that the agencies be induced to adopt as the maximum size of sheets for reports, 8½ inches by 11 inches, a convenient size for filing. One of the agencies has made this change and the other has it under consideration and it is hoped will make the change in due time.

This is our inventory for the year. It will indicate we believe, alertness upon the part of the committee and a desire to render every possible assistance for the improvement of the service. The chairman conferred with the several units of the committee from time to time and through his vice-chairman communicated with the chairman of local committees, and, while much of the work has devolved upon the Rochester unit of the committee, yet gratification is felt in the interest displayed by the other units and for the manifest interest throughout the entire organization.

After assembling the material for this report, there was brought to the attention of your committee from members of the Association, several interesting suggestions which will be handed on to the incoming committee for proper consideration.

There was received also a report of an interesting meeting in Pittsburgh under the auspices of the local Committee on Mercantile Agencies Service, when certain recommendations were adopted, which will be passed on likewise to the incoming committee.

In conclusion, your committee begs to offer the following resolutions:

I

"Resolved, That the sincere thanks of the National Association of Credit Men be extended the mercantile agencies for the considerate and cooperative manner in which they have received suggestions, treated complaints and manifested a desire to do everything within their powers for the improvement of their service."

II

"Resolved, That all local associations of credit men be brought to organize committees on mercantile agencies service and that these committees offer their assistance to local superintendents of agencies for consultation and cooperation, and that conferences be arranged between the committees and local superintendents upon subjects relating to the service."

III

"Resolved, That the National Association of Credit Men record its faith in the wisdom of Committees on Mercantile Agencies Ser-

vices in maintaining close and cooperative relations with the executive offices of the agencies for the consideration of suggestions relating to the improvement of the service and the proper treatment of complaints."

IV

"Resolved, That the various recommendations embodied in this report relating to the improvement of mercantile agencies service be and hereby are endorsed and that the incoming committee in shaping its plans and activities give to these recommendations the requisite attention and thus make the work of the department consecutive and effective."

Respectfully submitted,

E. F. PILLOW, Chairman, Rochester; IRA D. KINGSBURY, Rochester; ELMA ROBLIN, Rochester; A. M. SOLIE, Vice-Chairman, Duluth; A. T. CYR, Duluth; J. S. McCUNE, Duluth; CHARLES SPECK, Vice-Chairman, Peoria; E. A. COLE, Peoria; JOHN ROTH, Peoria; C. F. DORSEY, Vice-Chairman, Quincy; E. S. THOMAS, Quincy; F. A. WOLF, Quincy; H. C. REED, Vice-Chairman, Sioux City; A. J. PETERSON, Sioux City; J. B. MURPHY, Sioux City; A. J. MAY, Vice-Chairman, Washington; F. W. WHITE, Washington; HENRY T. OFFTERDINGER, Washington.

Mr. Kingsbury moves adoption of the report and resolutions.

F. R. SALISBURY, Minneapolis—Mr. Kingsbury has made mention of the recommendation made by our local committee, and I wish at this time to present it, so that it may be made a matter of record in the convention and passed on to the incoming committee.

We have a man in the northwest who has lots of nerve, and he wants to propose a change in the reference books of the agency. This change however, is only slight, and briefly summarizing it, I should say it refers to the matter of indexing pages and proposes to do away with the present manner of indexing pages at the top of the page and puts the index down at the bottom of the right-hand page, which seems the logical place to put it in running over the pages when looking for a name; the idea being to have at the lower right-hand corner of the right-hand page, first, the top name of the towns on the left-hand page, followed by a dash, and then the last name on the right-hand page.

This would cover all the names on those two pages and would facilitate searching for names in these agency books, and I therefore wish to propose that this resolution be added to the resolutions of the committee:

"Resolved, that the following proposition be referred to the incoming committee for consideration, namely, that the mercantile agencies be requested to change their present method of indexing the pages of their reference books by dispensing with the margin index now used, and placing on the lower right-hand margin of the right-hand page the name of the first town on the left-hand page, followed by a dash and that in turn followed by the name of the last town found on the right-hand page."

I move the adoption of that resolution. Seconded.

H. C. WORKMASTER, Pittsburgh—Before moving the adoption of the report of this important committee, is it not well that there be a realization here of the value and importance of mercantile agency service and that we as credit men should consider it here for just a moment? Although the efficiency of the service has developed through the cooperative and earnest consideration of the committees of our association and the mercantile agencies, at the same



E. F. PILLOW
Lincoln National Bank, Rochester, N. Y.
Chairman Mercantile Agency Committee

time almost every hour is developing new demands on mercantile service, and we should consider the necessity of meeting these demands efficiently and judicially.

Pittsburgh has felt pride in her local mercantile agency committee, whose work was most effective during the past year. In the realization of the broad scope of its work, the committee wisely concentrated its efforts upon three or four specific points which it

believed most important. One of these was the showing of the tabulated totals of the annual sales of the previous statements. It urged the agencies to explain to the parties the reciprocal value of giving this information freely.

Another of the points, and one of great importance, was in regard to placing the date of the financial statement in the report in large type immediately preceding the figures set off in the mercantile agency report. How often in the reading of your reports do you disregard the figures given therein by reason of their age, making them of no value and inapplicable to your consideration of the order in hand, and how often have you found that date given in obscurity toward the conclusion of the report which you have spent moments of valuable time in reading?

I therefore move that the incoming committee follow up at least the above two recommendations of the Pittsburgh committee and thus place the standard of mercantile agency service upon a still higher plane of value and of efficiency.

CHAIRMAN WHITLOCK—We will now act upon the resolution presented by Mr. Salisbury and seconded by Mr. King.

SECRETARY TREGOE—I think that we all understood the resolution, so it will not be necessary to re-read it.

CHAIRMAN WHITLOCK—All those in favor of the resolution signify by the usual sign. Contrary? It is so ordered. We will now pass on to the resolutions of the committee.

SECRETARY TREGOE—Did you offer a resolution, Mr. Workmaster? The chair did not so understand it.

MR. WORKMASTER—I did. Seconded

SECRETARY TREGOE—We understand that Mr. Workmaster offers this as a suggestion to the incoming committee. He does not bind the convention, so I do not think it is necessary to re-read it, just simply pass it on for the consideration of the incoming committee.

CHAIRMAN WHITLOCK—Do you desire to discuss it? If not, those in favor of it will kindly say "Aye," contrary, "No." It is adopted.

We have now the resolutions of the committee, together with the two additional resolutions.

The resolutions are adopted without further discussion.

H. UEHLINGER, New York—I would like to have just one minute to speak in connection with the group conferences that are being held this afternoon, if you will allow me just one minute.

CHAIRMAN WHITLOCK—I think that they will be mentioned from the platform in the regular program.

MR. UEHLINGER—I just had a special word to say that I thought might be pertinent.

CHAIRMAN WHITLOCK—Mr. Uehlinger has the floor.

MR. UEHLINGER—This afternoon we are to have the group conference in a half-dozen or more trades. I maintain that it is the duty of every credit man to attend his conferences if there is one for the trade he is interested in, for the reason that we are here discussing general problems. There we will discuss the problems that affect your business, and if you return to your busi-

ness in the city from which you come, not having attended that conference, you have failed in one mission of the convention.

For instance, in the paint trade conference we shall discuss the A. B. C. acceptances in the paint trade, presented by a person qualified to speak, who has adopted the policy. We shall talk about elastic terms and the detriment to the paint line, and the other groups are going to discuss similar or other pertinent problems that affect their particular industries.

I would suggest that you all look up, from the notices that have been handed to you as you came in, the time and the place and the room in which these conferences are to be held and that you attend your conference. I certainly would not go back to the president of the company which has sent me here and admit that I had not done my duty in attending the trade conference for the business in which I happen to be engaged.

So you are all invited to come. The fellowship will be good. You should be there. We want to make the group conference proposition better and bigger every year; and remember this one thing,—it is the only possible opportunity that you have to meet the credit men on a national basis in the industry in which you serve. Do not neglect that opportunity. (Applause)

CHAIRMAN WHITLOCK—One of the important subjects which is before us at this time is our relations to the retail merchant. We are fortunate in having with us a man who is familiar with this subject, in fact, very familiar with it, a man of ability and a man of great force. I desire to introduce to you, Mr. Fred T. Jones, president of the Cleveland Association of Credit Men. (Applause)

Our Responsibility to Retail Merchants

ADDRESS BY FRED T. JONES, CLEVELAND, OHIO

Service is the slogan of modern business. Progressive men of today realize as never before that the success of their several business enterprises is directly dependent upon the service which they render to their customers.

The old era, in which the unscrupulous tradesman foisted his wares upon his unsuspecting customer without regard to the ultimate effect of the sale, is fast passing away, and a new era is already upon us which involves scrupulous integrity, a high standard of business dealing, and a keen regard for the welfare of the customer.

It is well, therefore, that we as credit men should, in our peculiar but important sphere of activity, study carefully this question before us, our responsibility to the retail merchant.

Under our system of merchandising, the retail merchant has been for many years, and in all probability will continue to be for many years to come, the great artery of distribution, the intermediary for the disposal of merchandise between manufacturer, wholesaler and jobber on the one hand, and the ultimate consumer on the other.

Upon his success, therefore, is dependent the success of all commerce, and his failure carries with it the downfall of our entire business fabric. It is unnecessary, therefore, that we approach this subject from a spirit of altruism, much as such a motive may be desired or hoped for. The business of the retail merchant is so intertwined with that of practically every other form of commercial activity that upon his success is dependent the very life of your business and mine, and we can well afford, from purely selfish reasons, to use our best efforts toward building his business toward a complete success.

Without burdening you with an array of statistics, permit me to refer briefly to Bradstreet's survey of the failures of 1916. It is there stated that seventy-one and four-tenths per cent of all failures in the United States and Canada were due to incompetence, in experience, lack of capital, and unwise credits, which is, in effect, a declaration that practically three-fourths of all failures were due to incompetence.

It is also stated that ninety-five per cent of all failures occurred in business houses having a capital stock of five thousand dollars or less. Statistics do not appear to be available showing the definite proportion of retailers involved, but upon good authority I think I may state that at least ninety per cent. of all failures occurred in the retail business. If these statistics are correct, and they can not be very far out of the way, then approximately sixty-five per cent of all failures in the United States and Canada during the year 1915 were due to some form of incompetence on the part of the small retail merchant.

With such figures before us, it is apparent that something is radically wrong, that for some reason our retail brothers are following unsound business principles, that they are failing to keep within the bounds of those laws which govern successful business management as rigidly as do the rules of health control the condition of the human body. The transgressor may escape for the time being, but his ultimate downfall is almost certain.

Our wide-awake Credit Department Methods Committee is doing much to uncover the roots of the trouble. In a letter which I received from Chairman Hoerr a few weeks ago, he stated that his committee was under the impression that the retail merchant was in need of education, but at that time they were not certain along exactly what lines. This, however, they proposed finding out. His report, I am sure, will assist us in locating the weak spots and will give us valuable data upon which to base our future efforts.

The lack of a proper education in accounting is unquestionably one of the shortcomings of the average small retail merchant, and if through some effort we are able to place his accounting upon the plane where it properly belongs, we will have made a long stride toward the solution of this important subject. The introduction of an accounting system, however, will not of itself produce the results for our friends in the retail business that we hope to secure for them.

Granted that the retail merchant—I am, of course, referring to

the average small retailer, not to the exception nor to the large retailer whose business is usually conducted upon a high plane of efficiency—granted that the small retailer has been induced to install a small accounting system, he must yet be instructed as to the real meaning of the results which his records show in order that he may know how to correct his mistakes. He must be taught how to diagnose his own case in order that he may determine what lurking disease is undermining his business system and what remedy to administer or surgical operation to perform in order that it may be restored to normal health. He must be taught how to read this chart and how to use his compass if he would avoid the rocks and shoals.

Place the average credit man in our association in charge of one of our great ocean liners, give him the best craft afloat with the most complete charts it is possible to design and the most perfect instruments that science is able to produce, and without proper instruction the doom of that ship is sealed before she leaves the harbor.

He must be taught the principles of cause and effect; he must have instilled in him the necessity of absolute integrity toward himself as well as toward those with whom he deals. Having diagnosed the malady, he must be nerved to a speedy application of the remedy, realizing that the longer the disease is permitted to run, the more serious will it become.

Just one illustration: An excess inventory means a lack of working capital and inability to meet maturing obligations promptly, a consequent loss of credit standing, and possibly ultimate disaster; the remedy—an immediate reduction in current purchases to a definite proportion of sales, and intensive sales effort toward the movement of stock on hand.

A thousand dollars wrapped up in unsalable merchandise is a mill-stone about the neck of the average small retailer, but sacrificed at a discount of twenty-five per cent and the proceeds converted into salable merchandise at a mark up of thirty-three and one-third per cent., in three turn-overs returns a gross profit of over seven hundred dollars, in five turn-overs a gross profit of over two hundred per cent. Even a sacrifice of fifty per cent. will recover the loss under the same conditions and return a gross profit of over a hundred dollars, and in five turn-overs a gross profit of over one hundred per cent.

A severe operation, but a splendid recovery!

And yet, practically every credit man who has been called upon to attend the obsequies of a retail business that has fallen by the wayside and who always has escaped that ordeal, has found the shelves piled high with the merchandise of former years, and we have been struck with the thought that our friend was a collector of antiques rather than a distributor of modern merchandise.

I once knew an old banker who had consolidated two financial institutions and as a result had on his hands a set of bank fixtures which he figured cost him over five hundred dollars. He carried them in storage over five years, but when offered four hundred dollars for them, he refused to sell, saying that he had been in

business over forty years, he had never taken a loss yet and he did not propose to on this deal.

If a banker does not realize the value of turn-over, what is to be expected of the average small retailer? Failure to appreciate the value of a clean stock and of a rapid turn-over is one of the diseases afflicting the average small retailer, the remedy for which lies to a considerable extent in the hands of the credit men and salesmen of the manufacturer, wholesaler and jobber.

Preach the value of turn-over to your customers, personally through salesmen and through literature, until every retailer realizes that it is as much a commercial crime to give shelf room to dead stock as it is a civil crime to harbor the carcass of a dead animal. Preach turn-over to your salesmen until every salesman realizes that in overloading his customer he makes himself an accessory to the crime of commercial suicide which his customer is committing when he overbuys. (Applause)

And right here let me emphasize this point: The average salesman, and ever too large a percentage of sales managers, look only to volume. The larger the order, the more successful is the salesman, regardless of the effect on the customer. In many cases quantity prices have been used as an inducement to cause the retailer to overbuy, and the result has been so disastrous that every farsighted tradesman should realize the fallacy of the system and relegate it to the scrap heap.

I take it then, to be the profound duty of every conscientious credit man to use his best efforts toward assisting the retail merchant to understand the true purport of the results which his accounting system portrays. The credit man who covers a limited territory is in a peculiarly advantageous position in this regard because of his personal acquaintance with his customers and the confidential relationship which he is able to establish.

A member of our association in Cleveland told me the other day, in regard to one of his customers who was long over-due on an account of considerable size, that upon making a personal call he found the store loaded with merchandise and his customer's desk correspondingly crowded with unpaid invoices covering the purchase of these goods. Because of his confidential relationship he was able to insist upon an immediate inventory and the installation of a simple but effective accounting system. He analyzed the results, pointed out the weak places, insisted on a reduction of current purchases to a definite proportion of the sales, an intensive sales effort toward the movement of stock on hand, and kept in close personal touch with his customer until he had worked out of his difficulty and again established himself upon a firm basis.

That is constructive credit work. Is there any doubt as to where that retailer will purchase his merchandise in the years to come? Is there any question about the relative value of the service rendered by that constructive credit man and by the salesman who induced that customer to overbuy?

This personal relationship between credit man and retailer should be established wherever it is possible. Those of us who are tied to our desks eight hours a day and three hundred days in the

year, have little conception of the broadening influence that comes to the credit man who goes into the field, senses out his customers' difficulties, and lends himself to their solution. Get away from your desk. Shake the hands of your customer. Make him feel that his problem is your problem, that his success or failure is your success or failure, that you are building together for the future as partners in business, and your work will take on a constructive aspect that will make you a real asset to your house.

"When you get to know a fellow, know his joys and know his cares,
When you have come to understand him, and the burdens that he
bears;

When you have learned the fight he's making and the troubles in
his way,

Then you find that he is different than you thought him yesterday.
You find his faults are trivial and there's not so much to blame
In the fellow that you jeered at when you only knew his name."

Our isolation from many of our customers and the consequent indirect methods by which we arrive at our credit decisions are sometimes almost pitiful. The credit man knows nothing of the real man with whom he deals, and his customer has such an aversion for credit men in general that he cares to know still less about him.

Our investigations remind me of a story of the Ohio student who came out to these fertile fields of Missouri during vacation time to assist in garnering the harvest. He soon found employment with one of your enterprising farmers and was immediately put to work in the fields. Being unaccustomed to manual labor and somewhat soft of muscle, he was naturally completely fagged by the end of the first day, and shortly after supper he turned in for the night and was soon sound asleep.

It seemed to him that his head had scarcely touched the pillow when he was aroused by a knock at the door and he heard the voice of the farmer calling him to get up. "What's the matter?" asked the student. "Time to get up," said the farmer. "Got to cut the oats this morning." "What time is it?" said the student. "Four o'clock," said the farmer, "Hustle up." "Say, Mr. Farmer," said the student, "what kind of oats are those? Are they tame or wild oats?" "Why, they are tame oats, of course," said the farmer. He said, "Then why sneak up on them?"

In seeking credit information regarding many of our customers, we seem compelled to sneak up on them. We approach them by every avenue except through the front door. We refer to interchange bureaus, to mercantile agencies, banks, trade reports; finally, failing in all of these sources of information, we meekly and with many apologies request our customer to let us have a copy of his latest financial statement. The reply to a very large proportion of such requests is that the order may be cancelled, that the customer can buy all the merchandise he requires from other houses without the necessity of exposing to the public his sacred business secrets.

financial statement should form the basis of every commercial credit file, just as it does that of every well regulated financial institution, and all these other sources of information should be used simply for the purpose of ratifying and confirming the information in the statement already in hand.

The remedy lies in a more cordial relationship between credit man and customer. The credit man must first be true to the ethics of his profession, and then the customer must be made to realize that information given to a credit man is sacred above all things, that complete frankness between debtor and creditor always works to the best interests of both parties, and that in the constructive credit man the retail merchant has his best friend.

In these days of uncertainty, when the nations of the earth are clutching at each other's throats, when even our own beloved country has been forced into the struggle, and the whole world seems to have gone raving mad, when the flower of our young manhood is being called to the colors in defense of that old symbol of liberty—God bless it! (applause)—and every resource of our country is being called upon to do its utmost in preparation for the struggle that is before us, it is essential that our commercial life should go forward with the least possible friction and with the greatest of efficiency, and the bit that falls naturally to the credit man is that he should develop to an unusual degree his constructive labor and that he should assist, as far as possible, in bringing about a condition of confidence and helpfulness.

To this end, Mr. President, it seems to me that a committee cooperate with similar committees from the great wholesale and should be appointed from this association whose duty it shall be to retail trade organizations, for the purpose of determining the needs of the retail merchant and at the same time of ascertaining the shortcomings of the manufacturer, wholesaler and jobber.

In correspondence with some of the members of the retail trade associations, I find them longing for our help and for a more cordial relationship between the two great classes of business. I recently received most delightful letters from some of the officers of the national Retail Hardware Association, telling me of their activities, and I was surprised to learn that they have a number of men constantly at work devising accounting systems and in an effort to solve other questions of interest to their members.

Much duplication of effort may be avoided by proper cooperation. There are undoubtedly many questions of vital importance to both classes of business which should be studied in joint committee, and out of such deliberations should come recommendations to the parent bodies which will prove of vast benefit to the mercantile world.

This, then, is the message which I would leave with you, that the retail merchant is a vital part of our commercial system, that a sale is not a sale until the merchandise has been paid for by a satisfied customer, that the credit man's sphere is not confined to the mere duty of passing on the order, but that his work must be constructive in the highest degree; that in many cases he holds in his

hands the commercial life or death of his customer as well as that of his own house, that his relationship to his customer should be more nearly that of the beloved family physician than that of the Shylock who stands on the letter of the law and demands his pound of flesh; that this constructive relationship should be fostered and built up as far as possible through personal acquaintance, through the cooperation of salesmen who have first been schooled in the principles underlying the credit man's efforts and through the widest publicity that it is possible for us to command; and the differences and misunderstandings with the retail merchant should be solved through cooperative effort.

When the retailer is made to understand the true functions of constructive credit work, when he realizes that the character and integrity of the credit man makes the credit file a safe repository for the innermost secrets of his business; when credit men lend themselves not merely to the analysis of financial statements and the scrutinizing of mercantile and trade reports, but with far-sighted, constructive service to the customer, are able to point out the hidden danger and to direct him toward the goal of success, then, and not until then, will we have met at least some of our responsibilities to the retail merchant. (Applause)

H. F. PAVEY, Indianapolis—I have no desire to cast reflection upon the other addresses that have been made and I do not in any way wish to detract anything from their value, but I believe that the address that has just been given is of more value to credit men in many respects than anything we have heard yet. (Applause)

If it is not out of order, I move you that this address be printed in leaflet form, to be distributed widely in addition to the address as it will be printed in the regular "Bulletin" of the National Association of Credit Men. If it is not out of order, I wish to make a motion to that effect, that this address be printed in leaflet form.

CHAIRMAN WHITLOCK—I think that suggestion would necessarily be referred to the Business Literature Committee, and we will see that it is so referred.

R. T. HOPKINS, Nashville—Like the member from Indianapolis, I believe this address of Mr. Jones to have been one of the most enlightening that has been delivered before this convention. We all recognize the fact that the National Association of Credit Men has done a great work for its whole membership, but I do not believe that there is any man who will contend that their efforts have been directed so sedulously, so intelligently, so faithfully, towards the retail merchants upon whom in the last analysis depends our success in business.

We are in that age now where we recognize the fact that it is what we do for the other fellow and not to him that really counts. In view of these facts, Mr. Chairman, I have drawn a resolution which I wish to submit, if in order, to this convention.

"Resolved, by the National Association of Credit Men in convention assembled, that we recognize the importance of conserving the credit fabric of the nation, of which the retail merchants are an integral and important part, and that this association owes it to the members, to the nation and to the

retail merchants alike to inaugurate a system of education among the retail merchants, particularly in the smaller towns, in simple accounting, the need of which is so clear and that this be referred to the proper committee for action."

CHAIRMAN WHITLOCK—Mr. Hopkins, this question will come under the report of the next committee, if you will kindly bring it up at that time.

MR. JONES—In support of the suggestions I have just made, I wish to offer the following resolutions:

"Resolved, By the National Association of Credit Men in convention assembled, that the efficient operation of our commercial system requires a closer cooperation between the wholesale and retail lines of business, and that the exigencies of war demand that so far as possible, all cause for antagonism and misunderstanding be eliminated.

"Resolved, That the president of this association be requested to appoint a committee of three, whose duty it shall be to meet like committee from the trade organizations of the manufacturers, wholesalers and retailers, for the purpose of determining the needs of the retail merchant and the solution of the problems at issue between the two great divisions of industry;

"Resolved, That the said committee be empowered to appoint sub-committees from the various branches of trade and geographical divisions of the country for the purpose of more effectively carrying out the purposes of this resolution."

SECRETARY TREGOE—I have made a mistake. Instead of having Mr. Jones' able address come as it did, we should have had Mr. Hoerr's report, because in his report he has recommended just exactly what Mr. Jones now suggests and Mr. Hoerr has asked that the consideration of these resolutions be deferred until after the report.

MR. JONES—It is entirely agreeable to me. It is the result we want, not the passage of any particular resolution.

SECRETARY TREGOE—When you have heard Mr. Hoerr's report, you will be surprised at what he has done with this committee just along the line indicated by Mr. Jones and by Mr. Hopkins of Nashville. I think it will be quite a revelation to you when we hear from this Chicago man.

CHAIRMAN WHITLOCK—We will now have the report of the Committee on Credit Department Methods, which was left over from this morning's session, and it will be presented by "Live Wire" Charles F. Hoerr of Chicago. (Applause)

H. F. HOERR, Chicago—I feel that there are some points not brought out in the report that I should mention.

INTRODUCTORY REMARKS BY CHAS. F. HOERR, CHAIRMAN

The question of educating the retailer is so important and so much that cannot be included in the regular committee has been and is still being done by others, that your chairman felt justified in

requesting you to read the annual report at your leisure and to take the allotted time in presenting to you a brief even though extremely inadequate bird's-eye-view of the subject.

As grantors of credit we are vitally interested in bettering business and credit conditions. Any movement that makes it safer to transact business, naturally receives our attention and support. It is therefore not surprising that the National Association of Credit Men, the personification of honesty and efficiency in business, should be tremendously concerned in the standards of business of the retail merchant. Most of us know that the problem of educating the retailer is with us and awaiting a solution. For the benefit of those who think differently I shall quote briefly: The Wholesale Shoe League writes: "We are handicapped as an association in doing this work, because the educational qualifications of a large majority of the retailers of shoes, particularly in large cities, are so low as to make it difficult for them to adopt many of the methods which have been otherwise successful." The Federal Trade Commission in its annual report under date of June 20, 1916, says that many of the smaller merchants and manufacturers of the country could not supply the commission with the simplest facts about their business. The president of an eastern retail grocers' association considers it appalling to find so many men engaged in one line who seem to have no idea how to keep any kind of records, or even how to take an inventory. The Youngstown Retail Grocers' Association has discovered that 30 per cent. of the goods sold by Youngstown grocers are sold at or below cost.

The Laundry Owners' National Association has found through a uniform system of accounting and cost-finding that all flat contract work is being done at a loss. The Southern Retail Furniture Association states that thousands of dollars' worth of furniture is sold through the south, at far less than the cost of doing business.

That there is real need of reform in this direction is therefore no longer open to doubt in the minds of those who are in position to know. I desire, however, to make one exception to this statement. One of our good friends in a western state sent me, in connection with our recent campaign, a letter which he had received. The letter reads as follows: "Say, that was a hell of a letter you sent me. How do you expect a sixth grader to answer such questions. No lawyer in Podunk could figure it out, so I had to return it to you for repairs. Say, no fooling. Father C. Johnson, J. Johnson and Tony Johnson started in business in Podunk seven years ago. Father had \$8000, myself \$1400, Tony \$600. In five years father steps out with \$40,000, gives Tony his stock of groceries and fixtures, \$9000 clear of debt. Gave me gents' furnishing and dry goods, and fixtures, \$9000. We never invoiced in those five years before we divided up the business. Did \$120,000 business a year. In two years my brother Tony, he invoiced this year, he can step out with \$30,000. I myself do not know as I have not invoiced, but not far behind my brother. But know I have a private bank account at the First National Bank of \$1200, and at the ——— bank \$1100, and as you know, nearly always pay my bills when due, so I should worry about those classy records.

They stand for very little for me. Give the folks plenty of bull con; be jolly; pleasant smile—tell a small joke; jolly the kids—that's our formula on getting business. I don't spend five cents a year for newspaper or other kinds of advertising. I thank you. Sorry I could not answer the questions better.

Respectfully,"

Recounting the efforts that are being made to solve the problem, it seems fitting that I should mention the credit men's association first. Time permits but the mentioning of a few:

The Grand Forks, Salt Lake, Worcester and Memphis Associations of Credit Men tenders a dinner yearly to all the retailers in the city.

The Tulsa association is considering, perhaps has held by this time, a joint meeting with the retailers to take up bookkeeping and accounting methods.

In Pittsburgh, Chairman Eitel of the Credit Department Methods Committee of the Pittsburgh association has delivered addresses emphasizing the need for better accounting.

The Des Moines association has held a most enthusiastic meeting with the retailers of the city, and has awakened the retailers to the extent that they are now putting on a campaign along the line of better business methods. They have followed up the campaign through the Extension Department of the State University of Iowa. The association has also passed a resolution commending the work done in this department of the university, and has asked the support of the committee on appropriations of the state legislature to appropriate sufficient funds for the extension division to carry on the work.

From New Orleans, the Retailers Grocers' Association writes that occasionally members of the New Orleans Credit Men's Association address the members on methods of keeping detailed accounts of their business.

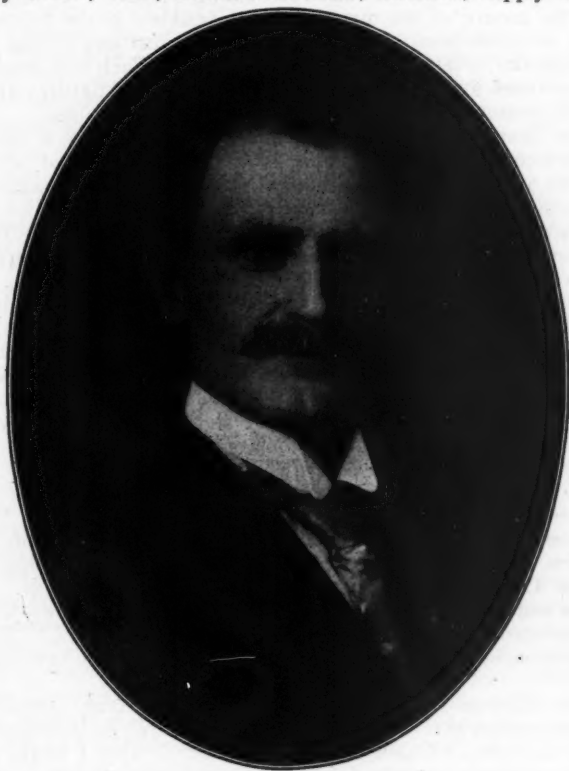
The Boston Credit Men's Association has distributed 75,000 cards entitled, "Why many fail in business." The folder also shows in a condensed form a correct method of computing profits.

The Peoria association circulated a terse flyer telling retailers that a successful business requires a clean stock, turned frequently; careful crediting and close collections; economical expenses; a fair percentage of profit, and finally, the taking of complete inventory January 1, 1917.

The St. Joseph Credit Men's Association has taken a decided step forward by inaugurating an experiment that will be followed with intense interest all over the country. The association has persuaded the superintendent to install in the schools beginning September, certain studies in the seventh and eighth grades of the grammar schools, whereby instruction is to be given the pupils in the proper method of cost accounting as outlined by the Federal Trade Commission, that is, figuring profits on the selling price rather than on the cost price. The students are also to learn something about double entry bookkeeping.

Many members of the local credit men's associations and of the National Association have at their own expense, issued attractive

and instructive leaflets all endeavoring to impress upon the smaller merchant the necessity of calculating his profits, overhead expense, inventory, etc., properly. Robert H. Ingersoll and Bro. have issued a booklet describing a simple system of accounting for retail jewelry stores; Hart, Shaffner & Marx, clothiers, supply dealers



J. E. O'NEIL
Richards and Conover Hardware Co., Oklahoma City, Okla.
Director

with a simple system of perpetual inventory which shows on a single sheet per month, the following facts at the close of each day's business:

- (1) Merchandise on hand
- (2) New goods added to stock
- (3) Goods returned by customers
- (4) Cost of goods returned
- (5) Goods returned to manufacturers
- (6) Goods sold, less goods returned

- (7) Cost of goods sold
- (8) Gross profit
- (9) Percentage of profit on sales.

Morse and Rogers, shoes, New York city, issue what is called a "Retailers' Profit Service and Accounting System." A fair sample of the nature of the material in the booklets is the following: "Every article in your store should have the cost and selling price marked on it." "Do not carry dead stock." "Each line must sell out four times a year." "See that your stock and fixtures are insured to an amount of at least 80 per cent of their value."

The Sherwin-Williams Co., paints, Cleveland, have a "Retailers' Service Department." This is a purely individual service. Problems are handled in consultation with an advisory board composed of managers of various departments. This firm has also completed an accounting system which enables the retailer to departmentalize his business, so that he can tell which class of merchandise is contributing most toward the profits.

It is clear that much has been done, and is being done inside of our own ranks, to assist the retailer on his way to becoming the ideal business man. Much more, however, is being done outside of our own organization. To begin with, the retailers themselves have not by any means been idle. Let me recount a few illustrations. In Manitowoc, the co-operative and central delivery system is being agitated and an arrangement has also been effected whereby the four hundred members of the Chamber of Commerce will have the free bookkeeping and stenographic assistance of the senior class of the business college for one hour each day.

Grand Rapids Association of Commerce held a merchants congress this month. There were special lectures on accounting, etc.

The Trenton (Missouri) idea is also becoming popular. The Trenton merchants say, "The line between country and town should be obliterated." "Get acquainted with your neighbor." "Know what overhead is and do not allow book accounts to run over ninety days."

One of the most unique things that has come to my attention is the questionnaire that was sent out to five hundred householders by the Elyria, (Ohio) Chamber of Commerce. I wish I might read the entire circular. While it does not touch specifically on accounting, it indicates that the gray matter of the retail merchants in Elyria is at work along the proper lines. Here are a few of the questions:

- Do you get courteous treatment?
- Are stocks fresh, complete and up-to-date as they should be?
- What articles are you unable to find here?
- Are deliveries prompt and satisfactory?
- How about quality?

Here are some of the replies:

- The clerks do too much visiting.
- The clerks were sour.
- Prices are too high.
- Pet dogs should be kept from markets.

One clerk in a meat market strains tobacco juice through his moustache and then strokes it with his hands.

Too much money lost on bad debts, forcing good pays to pay higher prices.

Tendency on part of merchant to substitute for standard merchandise.

Clerks talk about customers before other customers.

Women clerks visit too much.

Let me now quote a few retail organizations:

The Wisconsin Retail Lumbermen's Association has approved a simple, but comprehensive cost accounting system for the use of those engaged in the retail building material business. The cost of installing this system is \$200.

The National Hardware Association has given much study to the accounting needs of the retail hardware trade.

The National Association of Retail Grocers is issuing a series of pamphlets to its members. The first one is entitled, "How the retail grocer may better know his business."

A special committee of the National Retail Dry Goods Association has made an exhaustive study of this subject and has submitted a valuable report in two volumes, entitled, "The Classification and Distribution of Expense in Retail Stores."

And still the list of organizations tremendously interested in this problem grows. I have not yet mentioned the wholesale organizations. Again I must hurry. I shall content myself with mentioning but a few of the many wholesale organizations that are performing splendid work in this most difficult problem. The members of the National Wholesale Druggists' Association insist on the druggist adopting some simple system of bookkeeping, and, if necessary, in initial orders, secures the books and makes the opening entries.

The National Implement and Vehicle Association whose secretary and general manager, E. W. McCullough, addressed one of our conventions some years ago, has devoted for more than ten years, considerable time to educating its retailers to study costs. At first they sent their own speakers to the retailers' conventions. Later the speakers were developed and taken from the ranks of other retailers themselves. Still later, dealers' clubs were organized and met at a central point several times each year. At these gatherings the cost of doing business is generally the topic of discussion.

The National Association of Wholesale Clothiers and the National Association of Retail Clothiers have appointed what is known as the Joint Committee of Wholesalers and Retailers to discuss mutually interesting problems. The Associated Advertising Clubs, one of the most powerful and influential organizations in the world, has a Retail Service and Business System Department. Simple systems for the shoe, jewelry and hardware lines have already been completed. A very ambitious and far-reaching policy has been outlined. Among other things it hopes to have field men. These men are to call on the retail merchants and consult with them regarding every phase of retail management, including such topics as, advertising, window display, store arrangement, etc.

The competition of the mail order houses is another force

urging the merchant in self-defense, to study his costs and overhead. Along this line it was my great good luck to read, through the good offices of Mr. Tregoe, our Guardian Angel, a communication received from Canada. The Manitoba branch of the Retail Merchants' Association sent out a questionnaire containing among others the following questions:

Are wholesalers giving you such prices and service as enables you to successfully compete with mail-order houses. If not,

- (1) What suggestions have you to offer.
- (2) Do you think that retailers would be benefited in having all their credit extended to them by the banks instead of by both the wholesalers and the banks?
What advantage would this mean to the retailers.
- (3) Are you satisfied with the accommodation afforded you by your local bank?
- (4) Kindly give your estimate of all the business done in your district as suggested by the following table:

How much credit business?

How much cash business?

How much mail order business?

Total business in the district.

The Canadian Credit Men's Trust Association, by the way, is seriously considering the publishing of an efficiency bulletin to be sent to the retailer at regular intervals.

And still the list grows. In trying to improve business and credit conditions, we must include the scores of concerns that furnish record-keeping and profit computing devices. A large number of publishers and publications are also doing their bit to help the small merchant make more money. And by all means let us not forget the schools and colleges of the country. Lombard College, Galesburg, Illinois, insists that every student taking a business administration course, must work a number of months in some factory, business house, or bank, reporting regularly to the college authorities before he may graduate.

The Universities of Idaho, Kansas, Illinois, Iowa and Minnesota have held during the past year, merchants' short courses. At these short courses, merchants in the various lines of trade hold round table discussions on mutually interesting problems. These people are exchanging information under the most favorable auspices and with expert advice and advisers at their elbows.

The State University of Iowa, through the extension division, works along three most interesting lines. First, it holds business short courses, in jobbing centers. The expenses are paid by the jobbers and the commercial club in the place where the course is staged. Another form is to conduct business institutes in the smaller towns. These institutes are usually given in two consecutive evenings. Four speakers are used, speaking on various phases of retailing and accounting. The two days are also spent in the stores, advising with the retailers with reference to better store policy, better accounting systems, better display, etc. They hold what is termed a business survey. This survey is conducted by university

men, and has for its object the determination of the amount of business which should be done in each town or city surveyed.

The University of Nebraska in co-operation with the Federation of Nebraska Retailers has presented an accounting system to the retailers of the state. Dean Holdsworth, of the School of Economics of the University of Pittsburgh, is giving lectures extending over a wide area, constantly emphasizing better business and accounting methods.

Harvard University, perhaps the pioneer among universities in creating cost accounting systems, largely for the purpose of comparative statistics, is keeping everlastingly at it. It has extended its operations to include wholesalers as well as retailers.

And finally the federal government, particularly the Federal Trade Commission under its able chairman, the Honorable E. N. Hurley, a gentleman with apparently inexhaustible enthusiasm and the "I Will" spirit has been tireless in its efforts to make all classes of merchants study their costs. The commission has issued and is distributing a system of accounts for retail merchants. The aim has been to devise the least involved system which will impart the information essential to successful management. To operate the system of accounts requires four books; the journal, general cash book, invoice book, and ledger. Sales tickets and credit tickets are used for recording sales and sales returns. From these books certain statements, particularly a monthly summary of business, a profit and loss statement, and a balance sheet, should be prepared at definite periods in order to present the results in comprehensive form.

Now, I believe I have shown you that many forces are at work to help make life easier in a business way for the small merchant. It would be surprising if no effort had been made to unite and co-ordinate some of these varied efforts all aiming at one and the same thing.

Time is slipping fast. I shall therefore mention just one attempt to establish under a single banner some of the things I have just related to you.

The National Wholesale Dry Goods Association has appointed a special committee which has held several conferences at which fourteen large organizations, both wholesale and retail, including our own, have been represented. Finally this committee, under the chairmanship of B. P. Neff, an extremely able executive, organized the National Mercantile Educational Association. The sole aim of this association is to solicit and co-ordinate the various efforts that are being put forth in the United States at the present time. At a meeting held by this committee at Chicago, on June 8th, at which, through the very great courtesy of Mr. Whitlock, I was present, it was decided, first: That the committee deems the time opportune to recommend to the Chamber of Commerce of the United States the formation of a "Retailer Service Bureau" to conduct a nation-wide research, analyze retail merchandising, and place at the disposal of all retailers the results of all investigations together with recommendations, standardized methods, etc. It was further decided that this committee use such ways and means as in

its judgment was deemed right and proper, to bring about the establishment of this bureau of retail economics, as a part of the work of the Chamber of Commerce of the United States.

I believe that this powerful committee is on the right track. It is a question only of how much time must elapse before some of this tremendous duplication of effort can be eliminated.

My investigation proves conclusively that the grinding out of new systems of bookkeeping goes merrily on. Quite a considerable number of organizations, both wholesale and retail have their own accounting systems. Harvard University has its own; the Associated Advertising Clubs have theirs, and on top of it all, the Federal Trade Commission has also entered the field. And finally our own committee was urged to add another system to the many that are available. We cannot, however, see the need of further complicating the situation at this time. We believe that the time is at hand to combine and co-ordinate what is already here. It is to be earnestly hoped that the Chamber of Commerce of the United States will take hold of this gigantic problem of the business world, and before finally deciding on a plan, will call a general conference attended by representatives from interested parties, such as trade papers, and magazines, wholesale and retail organizations, universities, both state and otherwise, chambers of commerce, and the Bureau of Domestic and Foreign Commerce.

I respectfully submit this entire question to the Board of Directors of the National Association of Credit Men for their earnest consideration, at an early date. (Applause)

Mr. Hoerr then presented the report of the committee as follows—

Report of Committee on Credit Department Methods

To the Officers and Members of the National Association of Credit Men:

Your Committee on Credit Department Methods has passed through an intensely interesting year, and though even minor details of this work will prove interesting, yet it is possible to present only the more important features and conclusions of the committee's activities within a report of reasonable length.

Your committee felt that economy and system dictated a division of the country geographically. This was made, and demonstrated its value in a more economic and systematic program than would otherwise have been possible. On reviewing the readiness of local associations cooperating with your committee in carrying through its program it was discovered that they had not all provided for a Committee on Credit Department Methods, and in response to a request from your committee, twenty of the local associations organized promptly such a committee. This response indicated a general desire to cooperate and to assist.

The program adopted by your committee has almost entirely to do with the subject of educating the retail merchant, and believing that education could not systematically be given until it was

known definitely and clearly what character of education the retail merchant, as a general rule needed, your committee worked out a clearance plan through a series of questions embodied in three forms. The questions embodied in these forms were selected after careful study and the search for ideas from experts, and while the replies received were disproportionate to the number of sets circulated through various channels, yet they were sufficient in number to produce some interesting results and lead to conclusions which should guide the activities of the Association along the lines of building up a class of retail merchants better adapted and qualified for successful merchandising.

Your committee wishes in this connection to register its appreciation of the assistance received in the compilation of the forms, and in their distribution from the National office, the directors and committees of credit department methods of local associations, the several units of the committee itself, the number of individual members of local and the National Association and organizations interested in retail education.

Coincident with the circulation of these forms throughout the retail world, your committee conducted a campaign of public education upon the subject through a series of circular letters, and especially prepared editorials, most of which proved effective and received the cooperation of local associations and committees. It is pertinent, in fact, most proper in this early portion of the report, for your committee to express several conclusions that may be of startling character to this convention but were conscientiously reached after critical and thorough study.

First. It was not deemed advisable by your committee that the National Association of Credit Men should proceed immediately to the compilation of a book-keeping or accountancy system for retail merchants, and for these reasons, (a) that there have already been compiled and are offered to retail merchants several book-keeping and accountancy methods and they are not growing largely into use because so many of the merchants are unprepared to use them, and (b), that the variances between these several methods are a hindrance to effective development of accountancy work. Therefore it were better and more scientific, in the opinion of your committee, were the Association to devote its immediate efforts to the preparing of retail merchants for the keeping of simple book-keeping and accountancy systems, thus going to the very root of a situation which without the clearance conducted by the committee would probably not have been adequately discovered.

Feeling the need of professional and highly qualified assistants in tabulating and analyzing the replies received, your committee sought and obtained the assistance of Professor Secrist of the Northwestern University of Evanston. After tabulating and analyzing the replies received by your committee, Prof. Secrist prepared a report of a most interesting character which, we regret to say, could not be comprised within the scope of your committee's report. We want to quote, however, one comment made in Prof. Secrist's report as follows:

"A brief comment is pertinent as to the character of

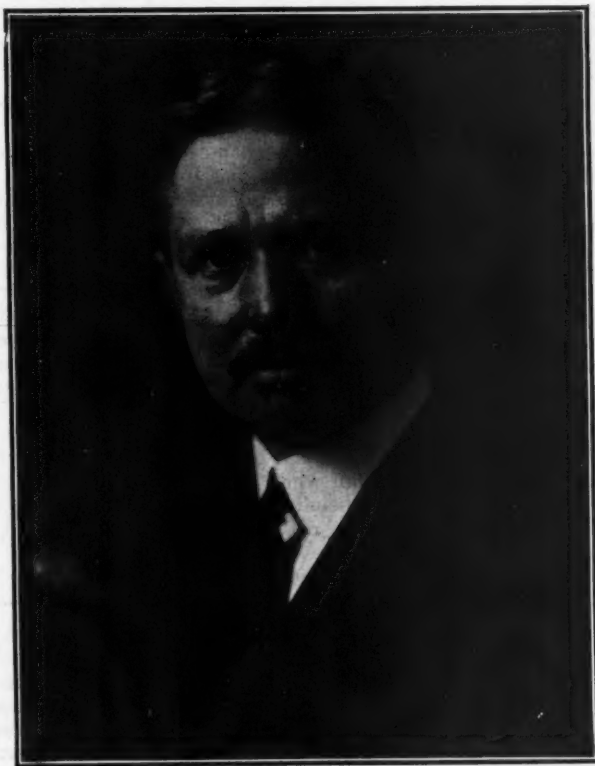
the returns. It is to be regretted that the answers were not always intelligible and of a nature to warrant the greatest confidence being placed in them. Unfortunately so much cannot be claimed. Little more, therefore, can be hazarded than to state the nature of the answers given and to leave each person to give them an interpretation in keeping with his statistical sense and enthusiasm.

"According to the answers, when all cases are considered, two thirds of the reporting firms do not keep any special system of accounts; as many as one-fifth know monthly their total cash and total charge sales separately; more than four-fifths make allowance in their inventories for depreciation or 'Dead Stock.' Moreover, nine-tenths keep an account of expenses (question 12); two-thirds do not charge interest as an expense on capital invested other than in building (question 16); seven-tenths of them charge their own salaries as an expense; but essentially the same number do not charge their family living expenses to their businesses (question 18); the same proportion do not charge as a business expense, goods taken out of the store for family use; approximately seven-tenths make up a 'Profit and Loss' statement annually; approximately 90 per cent discount their bills, but only 70 per cent know the amount of money saved by so doing, etc."

To the incoming committee will be assigned the responsibility of using the material assembled during the past year, especially a careful study of Prof. Secrist's report, regarding which we offer the suggestion that it be put into some shape for distribution among the members of the Association at a nominal price. This is excellent material for the incoming committee to consider and we offer the suggestion at this juncture, feeling it were better to do so, than to present it in a special resolution.

It was evident to your committee that certain activities should be promoted in order that preparedness and a form of education might be brought about which could not be comprised within an accountancy method yet would be related to it in preparing the merchant to keep at least simple books of account. The thought in the mind of your committee principally is that between each local association of credit men and retail merchants of its district there should be brought about a most cordial relationship and the retail merchants brought to understand that in their problems they can seek the assistance and advice of the local associations; that interesting leaflets presenting subjects of retail merchandising as related to those features bearing upon accountancy and successful credit methods should be prepared and supplied to members of the Association at cost and given by them wide distribution; that retail merchants associations should be encouraged to invite as speakers for conventions and business meetings, representatives of local associations of credit men, said speakers to devote their attention and efforts to the subjects of successful retail merchandising; that state universities and colleges should be urged to hold retail merchants' courses and that state legislatures be asked to give

aid for the holding of such courses; also that the cooperation of local associations of credit men be given in the arranging of programs and the furnishing of speakers; that the individual credit man should take a special interest in the building up of his customers by maintaining a cooperative attitude, counseling with them upon subjects where defects or shortcomings are discovered and helping to make them successful merchants; that in state confer-



CHARLES F. HOERR

Home Bank & Trust Co., Chicago, Ill.
Chairman Credit Department Methods Committee

ences, a feature in our work which your committee most sincerely commends, proper time should be allowed for the subject of educating the retail merchant, the viewpoint of the retail merchant to be obtained when this subject is under discussion.

Passing on to some other subjects which fall within the work of this committee, the convention will recognize that the subject of educating the retail merchant consumed the entire time of the committee, yet there was no intention of setting aside the other work or diminishing its importance. The regulation by proper legislation or other means of using accounts receivable for borrowing purposes is still a very important matter to credit departments and a special committee appointed by the President of the National Association is making a review of this subject, thereby relieving the Committee on Credit Department Methods of doing anything definite during the present year.

The subject of sales terms observance is still important with credit departments, and by all means your committee believes that cash discount terms should be respected and that for the seller of merchandise or the buyer of merchandise to abuse the terms by not demanding a fulfillment or arranging for a fulfillment of them is doing a great hurt to that discount system, which by many, is considered a necessary feature of our commercial transactions.

The charging of interest on past due accounts is a growing subject with credit departments and should be kept prominent in the literature and in the meetings of the Association. It was found by your committee that cooperation might occur between its activities, those of the Committee on Credit Interchange and Management, and to avoid duplication of effort it were advisable that the officers and directors of the National Association in annual meeting make an alignment of the responsibilities of these committees and insist upon a strict adherence to its recommendations.

There is much more that could be said but this convention will recognize the seriousness with which the committee has undertaken its work and it is the strong belief that what has been begun so auspiciously this year should be carried to final and beneficial conclusions.

Your committee begs to offer the following resolutions:

I.

"Resolved, That as a form of valuable assistance to the incoming Committee on Credit Department Methods in a further analysis of the education needed by retail merchants looking to overcoming certain defects and deficiencies in retailing, the managers of Adjustment Bureaus be requested urgently to analyze all insolvencies and financial embarrassments coming within their observation and communicate to the secretary of the National Association what causes, in their opinion, lead to these commercial failures.

II.

"Resolved, By the National Association of Credit Men, that local associations of credit men shall be asked to entertain once each year local retail merchants and devote the occasion to a consideration of the retailers' problems and educational needs.

III.

"Resolved, That in view of the conclusions reached by this committee and in order that systematic and effective work may be done, for the present no effort be considered seriously by the National Association of Credit Men to adopt and recommend books of accounts or accountancy systems for retail merchants, but that its efforts be devoted to preparing the retail merchants to the end that they may be qualified to keep books of accounts and further devoted to bringing about better coordination between the systems now available to retail merchants and make them more adaptable and effective.

IV.

"Resolved, That local associations of credit men be urged to consider the advisability of soliciting the interest and attention of local school commissioners or boards of education, to the value of installing in the seventh and eighth grades of grammar schools simple instruction on book-keeping and commerce, thus helping our youth early to qualify for successful merchandising should that vocation be elected when the school days are over.

V.

"Resolved, That local associations of credit men make a special effort during the coming year to foster closer relations with retail credit men's associations, with a view to overcoming misunderstandings, it being the opinion of this convention that there has not been sufficient cooperation between wholesale and retail organizations and that this can be overcome by the encouragement of a co-operative and cordial relationship.

VI.

"Resolved, That the National Association of Credit Men in convention assembled, in behalf of the committee, expresses most sincerely and cordially its appreciation to every association and individual within the organization, to retail merchants associations and every instrument or factor that has contributed a part to the effective work accomplished by the committee during the year.

VII.

"Resolved, That the holding of retail merchants courses by universities and colleges be recommended most urgently by local associations of credit men and the officers and directors of the National Association of Credit Men and that the incoming committee, where financial assistance is required, petition the state legislatures to furnish assistance with the assurance of the good return that will follow the building up of a better qualified class of retail merchants.

VIII.

"Resolved, That the efforts of the organization, through the National office, be persevered in to bring about the observance of sales terms, especially the correction of abuses in the cash discount system and the demand for and the means of obtaining interest on past due open accounts."

Respectfully submitted,

C. F. HOERR, Chairman, Chicago;
 W. E. SHOEMAKER, Chicago;
 F. D. ROCK, Chicago;
 R. A. PORTER, Vice-Chairman, Birmingham;
 T. M. NESBITT, Birmingham;
 T. C. BUCKSHAW, Birmingham;
 BERT EVANS, Chairman, Clarksburg;
 KARL A. HOLY, Clarksburg;
 P. H. KOBLEGARD, Clarksburg;
 R. W. TOUZEAU, Vice-Chairman, Cleveland;
 A. P. STEPHENSON, Cleveland;
 E. L. ROSE, Cleveland;
 A. E. STEVENSON, Vice-Chairman, Des Moines;
 F. S. PERRY, Des Moines;
 R. A. GROVE, Des Moines;
 G. L. CHURCH, Vice-Chairman, Providence;
 F. S. SEE, Providence;
 F. E. HAVENS, Providence;
 W. J. HENDERSON, Vice-Chairman, Portland;
 LEE D. HUNTER, Portland;
 R. B. POUCHER, Portland.

MR. HOERR—Moved adoption of report and resolutions.
 Seconded.

E. S. GILL, Seattle—I want to speak just a minute regarding the suggestion made by the speaker of getting credit men and retailers together. In Seattle we have had two meetings within the last year of the board of directors of the Seattle Produce Association, composed of the wholesale fruit and vegetable men, and the board of directors of the retail grocers' association, and by getting together in this way we found that our differences all dissolved in thin air.

About six weeks ago, knowing this fact, the retail butchers appealed to me to help them secure a series of conferences with the wholesale butchers and packers, to eliminate some of the complaints that the retailers had; and on Tuesday of last week, the day that I left for this city, we had a meeting which finally adjusted all the differences between the retail butchers and the wholesalers and packers.

That is what we accomplished by getting together.

H. C. RINDGE, Grand Rapids—All of us, including our small merchandise customers, will probably soon have to make income tax returns. Just as soon as the small merchant has to make an income tax return, he must keep books and we will have to show him how.

We held our second merchants' conference in Grand Rapids this month. It was attended by two hundred country merchants. We expected five hundred. We talked to the merchants in conference in their own language. The speakers were successful retail merchants. The interest shown was keen and we are going on; but I believe that the income tax returns will help us get at this problem sooner.

A. W. TURNER, St. Louis—I think the star of the retailer and the golden star of more profit is in the ascendant right there (pointing to Texas' star). So many of the little fellows, the little merchants, are woefully short in their ability to cope with the situation, the difficulties, and I was especially pleased this January, in attending a convention in St. Joseph to notice the interest taken in that remarkable organization at St. Joseph in their educational work and the fact that at that time they had taken up with their board of education the change in textbooks. In reading the April "BULLETIN" I say that St. Joseph credit men had succeeded in their efforts.

This is a remarkable step forward. It is the young man of today who will be the merchant of tomorrow, and when we educate him we start right at the foot of the ladder, as these good people in St. Joseph have, and I know that we are going to succeed and are going to get there.

That same spirit is being shown all over the country, and it just happened to appeal to me now because of my having had the privilege of attending the St. Joseph conference.

The resolutions of the committee were adopted without further discussion.

SECRETARY TREGOE—We gave a promissory note just a few moments ago. (Cries of "Louder!") Judge Atwood could not remain for we had run so far behind the schedule this afternoon. He had another engagement and had to go, so I gave him a promissory note for tomorrow afternoon. We are piling up some big obligations and I do not know how we are going to meet them, but I thought we would do that. Judge Atwood was sorry that he could not remain, but we are now far beyond the hour set for our conference.

CHAIRMAN WHITLOCK—We are now adjourned.
Adjournment.

Fourth Day, Friday, June 22, 1917, Morning Session

President Joyce at the opening session of Friday called upon Rev. Father William J. Dalton to pronounce the invocation.

PRESIDENT JOYCE—The first number on our program is the report of the Fire Insurance Committee. In the absence of the Chairman, L. Y. Langston, I will ask Secretary Tregoe to read this report.

Secretary Tregoe therefore presented report as follows:

Report of Committee on Fire Insurance

To the Officers and Members of the National Association of Credit Men:

Much as we might be inclined to assume that the subjects immediately connected with the war have crowded out an interest in the subject of fire insurance and protection, we find on the contrary that forward work has been done and no mean record made.

The work of the committee has outgrown the novelty of a new subject and has settled down to a steady endeavor of a most constructive character. Interest in this subject by the Association has been unabated since the year of the San Francisco disaster, as a result of which interest all now clearly recognize the close relationship of insurance to the credit man's work and year by year, we have been doing out part to educate the people of this country to understand how great is the unnecessary tax which they impose upon themselves through the national habits of carelessness and neglect as reflected in the annual fire loss.

We believe these efforts, and the efforts exerted by other organizations, are being reflected in the loss figures which, though still mounting to extraordinary figures, show some diminution.

Each year since 1906, with the exception of two years, the fire loss, though over two hundred million dollars has been drawing nearer that figure, showing an absolute downward tendency despite greatly increased realty and personalty values until for 1915 the loss showed its lowest point during the period named, being \$172,000,000. It rose again during the year 1916 to \$214,000,000, due to the conflagrations at Augusta, Georgia, Paris, Texas and Nashville, Tennessee, but a considerable part of this increase was due to the extraordinary hazards of munition manufacture. The single loss, for instance, in the Black Tom Island disaster in New York harbor was figured at eleven million dollars.

Considering these special factors by themselves, therefore, we feel that it is fair to say that progress is being made.

If we refer back to the fire insurance reports of the last few years we frequently find special mention made of Portland, Oregon. Here the need of protection and prevention work was great because losses were at a high rate per capita, due, perhaps, to conditions along the river front. A great task confronted the fire insurance committee of the Portland association but under the inspiring leadership of E. M. Underwood, one of the members of the board of the National Association and an ardent promoter, in fact, of the Association's purposes in many directions, the job of reducing the city's extraordinary fire loss was undertaken and those who have read the May Bulletin know the result. It is an exhibition of what can be done under the worst conditions if one's hand is put to the plow and there is no turning back. Through the insistent work of the committee, Portland established a fire prevention bureau in 1914, at which time the per capita loss was \$6.78. In the twelve months ending February 28th, 1917, the loss in Portland was but one dollar per capita, so that the city

now ranks as one of the low loss record cities of the country. From the beginning also the effort was made for a fire marshal law for the entire state and this year success crowned the committee's efforts and chairman J. A. Jamieson of the insurance committee was able to report the enactment of this measure and the appointment for



L. Y. LANGSTON
The Maxfield Co., Oklahoma City, Okla.
Chairman Fire Insurance Committee

the office thus created of the man who had so ably conducted the fire prevention bureau of Portland.

An effort for the fire marshal law in Missouri was also made under the leadership of F. L. Hanush of St. Joseph. Mr. Hanush's committee met strong opposition from unexpected quarters and was unable to secure the passage of the bill but is now better prepared to meet the attacks of the opponents of the measure in the new effort for the law which will undoubtedly be made.

Tennessee is another state where work has made itself evident during the year. There, some vicious legislation touching fire insurance and prevention was offered, so that activity for constructive legislation which had been planned had to be diverted and turned against measures threatening harm. Special credit for defeating this class of legislation should be given to H. T. Hill of Nashville and the members of the state legislative committee who loyally supported him.

The Cleveland association is also to be commended on requesting the National Board of Fire Underwriters to make through its engineers, a re-survey of the fire hazards of their city. The example thus set is excellent and wherever followed should bring good results.

During the year the committee has given special advice on the "Bristol Plan" under which the assignment of policies to credit men's adjustment bureaus are made. This plan was questioned in a case arising in West Virginia but the committee was able to get an authoritative declaration from many of the best insurance companies that the plan was sound.

As an illustration of the work of the committee, there might be mentioned the fact that one of the largest of our fire insurance companies, recognizing the fairness with which your committee has approached the subject of fire insurance, voluntarily increased to ninety per cent from fifty per cent a settlement with a merchant who had violated one of the clauses of his policy and who had assigned the policy to one of the adjustment bureaus for the protection of his creditors.

Perhaps, in the course of the year, we have been called upon for more information on the standing of fire insurance companies than during any other year. It is evident that many of the inquiries were made by our members on behalf of their customers and the committee not only does not object to but believes we should encourage the free use of our insurance department by members, both for themselves and for those to whom they extend credit.

The declaration of war also called for special service from the committee in the way of information regarding fire insurance companies whose home offices are located in those countries with which the United States is now at war, and risk and bombardment insurance as written by the American companies.

The committee has used the Bulletin during the year to present instructive articles on various phases of the fire insurance policy and fire prevention and has encouraged the holding of local association meetings on this subject.

It is more than ever important that we give out earnest attention to the conservation of our resources. We are bending our energies to the development of a great harvest of food products. Of what avail will all this energy be if through carelessness or incendiarism we destroy that food and materials which are so vital down to the last ton or bushel to permit us and our allies to carry on this world war in which we are engaged?

The committee offers for the consideration of the convention the following resolutions:

I

"Resolved, That the Association views with satisfaction the efforts of the fire insurance committee to equip itself to advise its members upon their insurance problems, whether they relate to the stability of companies or to special points arising under their contracts."

II

"Resolved, That the convention extends its sincere appreciation to the members in Oregon and Missouri for their efforts to establish fire marshal departments in their respective states and urges upon the Missouri members that they take up the fight for this measure anew at the earliest opportunity as representing a step toward effective fire prevention which the Association has urged every state to take."

III

"Resolved, That the Association take every possible advantage of the experience of the engineers of the National Board of Fire Underwriters and give to this board its cooperation in having carried into effect in the various states the recommendations of the engineers."

IV

"Resolved, That the Association continue to urge upon members as part of their task in conserving our national resources the necessity of bringing home to all our citizens the crime, now especially heinous, of wasteful fire loss and the duty of all to exercise extreme care and to impress upon others this same duty to the end that our fire loss shall be reduced to the lowest terms."

Respectfully submitted,

L. Y. LANGSTON, Chairman, Oklahoma City;

I. M. FARNUM, Oklahoma City;

E. L. BOZARTH, Oklahoma City;

CHARLES H. BEAR, Vice-Chairman, Allentown;

A. C. YOUNG, Bethlehem;

W. N. EBERHARD, Allentown;

J. D. FAUCETTE, Vice-Chairman, Allentown.

J. B. LYON, Bristol;

H. H. ANDREWS, Bristol;

CHARLES S. STEVENS, Vice-Chairman, El Paso;

E. M. HURD, El Paso;

JAMES A. DICK, El Paso;

R. W. ROBERTS Vice-Chairman, Richmond;

R. V. FARRAR, Richmond;

H. S. BINSWINGER, Richmond;

J. P. SIMPSON, Vice-Chairman, Tacoma;

M. G. A. DUBUISSON, Tacoma;

EDWARD S. SHULL, Tacoma.

On motion duly seconded, the report and resolution were adopted as read.

J. P. HOLLIDAY, Minneapolis—I would like to recommend to the men of this convention that we not only put an effort on fire insurance, but now that we have agitated fire insurance for a great many years, we add to that that our customers and all of us become better educated on the question of life insurance. I believe it is essential that life insurance be a matter considered by the Committee on Fire Insurance and by our various local associations.

PRESIDENT JOYCE—It is appropriate that the report of the Fire Insurance Committee be followed by an address on a subject particularly interesting to credit men, "The Responsibility of the Credit Man for the Reduction of Fire Waste." It is also appropriate that this address should be delivered by a man who has served as president of the National Fire Prevention Association, but previously to serving as president of that association, he served as president of the National Association of Credit Men, and the honors which you gave to him are, my friends, I know, and always will be, among the most precious and the most treasured of his entire life.

I take great pleasure in presenting to this audience my friend and your friend, Charles E. Meek of New York. (Applause).

The Responsibility of the Credit Man for the Reduction of the Fire Waste

ADDRESS BY CHARLES E. MEEK, NEW YORK

It is unnecessary to use soft-sounding words and finely-constructed sentences in introducing the subject assigned to me. In fact it is impossible to find words brutal enough in their meaning to build sentences of sufficient strength to do the subject the justice it deserves.

Without indulging in flossy preliminaries, we will make our start with the latest fire loss figures: \$24,960,000 for May alone; \$129,100,000 for the first five months of 1917. At this rate 1917 will be another banner year.

Some of the stellar performances during May were a grain warehouse and contents, at Sioux Falls, N. D., worth a million dollars, (and, by the way, we burned up enough grain in this country last year to furnish more than one breakfast for the entire allied armies), a five million dollar lumber bonfire at Bowie, La., and a five million dollars conflagration at Atlanta, which swept across the residential portion of the city.

Few people realize the annual death loss through fire. The National Fire Protection Association recently issued the following statement:

"Six thousand and fifty dead. The above is not an announcement of the result of a great battle or earthquake or tidal wave. It is simply a citation, from the latest mortality statistics available, of the number of persons who suffered death during a single year

as a result of conflagrations or of burns otherwise inflicted within the registration area of the United States. The death rate from these causes was rather below the average in the year quoted. Taking the figures for the registration area as a basis for estimating the total loss of life throughout the country, we get a death roll of 9,000. Many of these deaths are the result of burns caused by the careless handling of gasoline and other hazardous liquids."

Here is a chance for every individual to do missionary work right in his own home, and you can take it as the first point to be considered.

The fire loss for forty years has approximated \$6,200,000,000—almost equal to the war loans authorized by Congress; and the annual loss has for many years been greater than the initial issue by the government of \$200,000,000 of certificates of indebtedness. These figures sound impressive, but they are not likely to be taken seriously. They are, however, typical of the way we do things. Under ordinary circumstances we spend more than any other nation on earth for our living, our clothing, our building enterprises, our public improvements, our governmental expenses. The average American spends a dollar quicker than any other human being. We are taught to think in big amounts, and it has been truly said that amounts running into seven figures fail to impress us deeply. The question now is: Are we not approaching a time when it will be necessary, through force of circumstances, to look at things differently? If the situation which the country is now in only results in teaching us the value of a dollar, the investment we are making will be profitable. The conservation of our natural resources, and the prevention of unnecessary waste in our material production, are more important today than ever before.

Fire insurance is an important factor in our business transactions. It is fair to say that no member of this Association would pass on an order favorably if he were aware that the customer's stock was not covered by fire insurance. In the last analysis, fire insurance is the final collateral behind merchandise credits. We size up a concern financially and morally, but we would not trust anyone with our goods if we knew he was without fire insurance.

All sorts of extravagant claims have been made regarding the profits of the fire insurance business. Radical legislation of the most violent type has been aimed at the companies. In some cases the legislation has been so radical as to cause the withdrawal of companies from certain states. The attitude of this organization on legislative matters has always been in the spirit of fairness, and its active interest in legislation affecting fire insurance would be welcomed and would tend to more conservative and useful results. An examination of reliable statistics dispels the idea of high profits. As an example, in the state of Missouri, over a period of five years, the losses paid equaled 70.7 per cent of the premiums collected, and these figures will not vary much throughout the entire country. The responsible companies are not adverse to proper regulation, and to this extent our cooperation with them would not be amiss.

A study of American fire causes shows that 21.4 per cent of all fires are strictly preventable, that 37.9 per cent are partly pre-

ventable, and that 40.7 per cent are unknown but probably largely preventable. Defective chimneys and heating apparatus are major causes, followed by matches, cigarettes, and a small army of other contributives of more or less importance. The rubbish heap is no mean factor, and this is the second point of prevention to be presented for your consideration.

In dealing with your customers, the question of the moral hazard is always very, and sometimes most, important. A man who is so careless about the condition of his premises as to invite fire loss is very apt to be careless in his other business methods. My idea would be to instruct salesmen to use their eyes and report as to the type of construction of the building each customer occupies—whether wood, brick or concrete—and as to the physical condition of the interior, particularly as to the degree of tidiness and the means employed, if any, to protect the premises against fire, *i. e.*, through water buckets, extinguishers, sprinkler system. It is not the thought to make fire prevention inspectors out of salesmen, but a wide-awake man can see enough in a few glances to base a report on, which report should have bearing on future transactions. But by no means attempt to carry out the foregoing suggestion before you are free from suspicion yourself.

The next point to be presented is with reference to the reports issued by the National Board of Fire Underwriters, which organization is distinctly a fire insurance body. Through its engineers, surveys of the principal cities are made, and in the reports issued every detail is carefully set forth. It is only necessary at this time to refer to one feature of these reports, namely, the section devoted to the "weak spots." Almost every conflagration which has occurred in this country for some years back has been predicted by the underwriters. If you desire to prove this statement, read the reports on Augusta, Atlanta, Hartford, Pittsburgh; and before it is too late secure a copy of the report on your city. If you do, you may not sleep so easy, but you may be brought to realize more than ever your responsibility as a citizen. Every local branch of this organization in cities reported upon by the engineers of the National Board of Fire Underwriters should concentrate attention upon the points shown as areas of greatest hazard and see whether such hazard may not in each instance be corrected. This would be a splendid achievement, and one for which your powerful organization is admirably equipped. It would be in line with the practical work for which you were organized.

The government is making unusual efforts at this time to conserve the grain and cotton crops, which are peculiarly subject to destruction by fire in places of storage. The credit men and the bankers could exert a tremendous influence at this point by giving elevator, warehouse and compress men to understand that any failure by them to equip their buildings with fire protection and fire-fighting appliances would be unfavorably construed when it came to credits.

There is a city to the south of us which is considered one of the worst hazards in the country. It is an important place—the largest in its state. It has one hundred and thirty blocks of tinder

boxes capped with wooden shingles—the greatest conflagration breeders in existence. Some day a fire, with the wind in the right direction, will wipe them out. The money loss will be large, and there may be some loss of life. But the people there seem to be indifferent to the conditions they know exist. Perhaps the curtailing of the credit extended to the merchants of that city might have some effect.

Many of the states have taken up fire protection intelligently, with results which prove the value of doing so. A state fire marshal law, with an efficient man to direct its operation, will not only reduce the fire loss, but will make it dangerous to experiment in the field of arson. It might be a good plan to require insurance companies to secure the consent of the fire marshal before paying claims. It is quite probable that losses are paid which a rigid investigation would disclose to be either fraudulent or the result of actual arson. In states where active and efficient fire marshal's departments are operated, a large number of convictions have been secured.

Some states hold to the theory that the expense of this work should be borne by the companies, therefore the practice of the companies is to assess it back and consequently the public at large foots the bills through the premiums paid. Work of this character is more helpful to all of the people than to any one class, and the expense should be a direct charge on the people of the separate states. It is possible that such a department could be made self-supporting through a system of fines for violations.

The official who enforces fire prevention ordinances is never popular. He makes enemies of property owners, tenants and workers. It requires constant effort in New York City to prevent the law against smoking in factories being trespassed upon. The fire commissioner of that city has forced compliance with the laws and has prosecuted offenders. This realization of his responsibilities was recently commented upon by a local newspaper as being detrimental to his eligibility for promotion to a higher office, which is an apt illustration of the frame of mind in which the general public approaches the question of fire prevention.

The extraordinary growth of our American cities during the last fifty years, and the combustible character of their construction, has produced a conflagration hazard that is a serious menace to the financial welfare of our country. The government report upon the "Fire Tax and Waste of Structural Materials" in the United States, published in 1910, said: "The fact that no other country suffers such enormous conflagration losses has led to a general investigation of the causes, and the conclusion reached is that the great loss is due mainly to poor and defective construction of buildings and equipment. The investigation has further disclosed the probability that an increase in the number and severity of conflagrations may be expected until there is a decided improvement in methods of construction."

The statement emphasizes the necessity for the enactment of laws which will begin to control.

Many of our larger cities, and some of the smaller ones, have

adopted building codes drafted according to modern views, but a great majority of cities and towns are either using an antiquated code or none at all. The most sensible way to handle this question is through state regulation. Take New York state, with its cities and towns each perhaps with some sort of building regulation: it is a good guess that the variety will outshine our good friends of "57" fame. Some of the states have realized the need of regulation and are planning to remedy the existing conditions. A standard code has been adopted and the states I have in mind are using their influence to have it used as the basis for revising existing codes, as well as in the preparation of entirely new regulations. The standard code prepared by the National Board of Fire Underwriters is recognized as the most complete and scientific work of its kind.

The impossibility of overturning at once the practices of years is realized, but greater progress could be made if organizations like the National Association of Credit Men would lend their influence.

These few points by no means exhaust the supply, but they answer the purpose and collectively form the basis for work of the type no one need be ashamed to engage in.

First: Your individual efforts can be easily exerted in protecting your homes and families.

Second: Set the example by protecting your business property, which will influence your customers to do likewise.

Third: Familiarize yourselves with existing conditions, not only in your own cities, but in places where you have customers, giving credit where credit is due.

Fourth: Support the state in its effort to curtail destruction by fire, and use your influence toward securing fair and reasonable insurance laws.

Fifth: Don't violate local ordinances. If they are unreasonable, ask for modification. Interest yourselves in securing a proper building code. Help to make your city worth while.

Individually and collectively use every means toward the ultimate elimination of the terrific waste we experience each year.

In President Wilson's recent address to his fellow-countrymen, we were given a text worth sticking to. The President said: "This is the time for America to correct her unpardonable fault of wastefulness and extravagance. Let every man and every woman assume the duty of careful, provident use and expenditure as a public duty, as a dictate of patriotism which no one can now expect ever to be excused or forgiven for ignoring."

The motion was carried without further discussion.

H. L. EISEN, Milwaukee—I want to say, along the line of fire prevention, that after the committee, through Mr. Meek, favored us with a visit in Milwaukee, we took it to the state fire marshal. As a result of our conference with him, he agreed to give to our interchange bureau adverse information on any party in the state of Wisconsin. His department makes investigations and when a party is found overinsured or has a suspicious fire or there is any adverse information, it is given to our credit interchange bureau to

be handled in a confidential manner. The firemen report treating on that subject contains the comment that further information will be given upon call at the bureau, and then the information is given to the prospective credit grantor.

This, I think fits in with the line of work that the Fire Prevention Committee asks. (Applause).

PRESIDENT JOYCE—Our next order of business is the report of the Committee on Credit Interchange Bureaus, by D. L. Sawyer, chairman. (Applause)

Mr. Sawyer reads the report as follows:

Report of Committee on Credit Interchange Bureaus

To the Officers and Members of the National Association of Credit Men:

Your Committee on Credit Interchange Bureaus feels peculiarly gratified in being able to report that the tendencies and progress in this department have been throughout the year notable and encouraging. Consciousness has dawned with many members of the National Association of Credit Men and local associations of credit men that the Credit Interchange Bureau is an instrument of economic and protective service and should play a larger part in the affairs of the organization. During the year Credit Interchange Bureaus were put into operation at the following cities:

Fort Smith,
South Bend,
Cleveland.

Bureaus are now in process of organization at:

Grand Rapids,
Detroit,
New York,
Dallas,
Fort Worth.
Richmond.

Besides the bureaus organized or in the progress of organization, those in operation at the beginning of the year, have felt generally the vigorous impulse in this department that comes from stronger local support, which increases the efficiency of their clearances and adds to the value and protection of their service. There is discernible an increasing interest in the Credit Interchange Bureau, a growing belief in its effectiveness, tendencies which should materialize later for a wider extension of the bureau service and a further increase of its benefits.

Your committee after a careful observation feels it but proper to say that the management of Credit Interchange Bureaus is generally of a high character and deserves the confidence of the entire membership. The local associations conducting Credit Interchange Bureaus are as a general rule supervising closely their operations and control through proper committees. Your committee commends the attitude of honest, deserving service with managements and local associations, and recommends the throwing of every safe-guard around this important department.

The bureau managers in annual conference at St. Louis on January 17, 1917, considered together in an intensive way subjects of bureau operation and control, and conclusions were reached that should be read carefully by every member of the Association. These conferences should be held every year and the entire staff of managers urged to attend.

One of the significant events of the year in Credit Interchange Bureau work is that of increased enthusiasm and support for the Central Interchange Bureau at St. Louis. When in conference in St. Louis the managers of local bureaus had the opportunity of examining closely the machinery and control of the central bureau and the central service received complete and thoughtful consideration in the conference. Recognition must be given to the possible service and value of a central bureau under adequate control and supervision. Through its machinery a clearance almost nationwide in extent should be possible, and co-ordinating as the central bureau is intended to do, the clearances of local bureaus, there can be realized from its operation a service to grantors of nation-wide credits who could not be served by a bureau limited to local clearances.

Should the officers and directors of the National Association of Credit Men be empowered to assume a more direct interest than they have been permitted to do in the organization, operation and control of Credit Interchange Bureaus and the Central Bureau, your committee recommends to this body a careful study of the service, the granting to it of every reasonable assistance, to the end that it may perform adequately the service it is intended to perform, that of safe credit clearances and the separation of sound from unsound credit risks.

The question often arises with the smaller associations how a Credit Interchange Bureau can be organized and operated at a reasonable cost. It was not thought necessary by your committee to say that the operation of Credit Interchange Bureaus has generally been an expense to the local associations, subscription fees seldom having covered operating costs, and in the matter of the small associations, your committee recognizes that in instances the bureaus have been efficiently conducted for a small number of subscribers who were willing to pay the necessary costs of operation, but as a general rule it were probably better for smaller associations to combine and operate a bureau for a district or even for a state, should membership or other conditions so suggest.

Your committee could dilate in a fuller way upon the benefits of this department, but it feels this brief presentation of what has been accomplished during the last year, the scientific character of bureau service and its protective qualities will reach the convictions of many and serve as an impulse to even greater work during the year to come.

In conclusion your committee begs to offer the following resolutions:

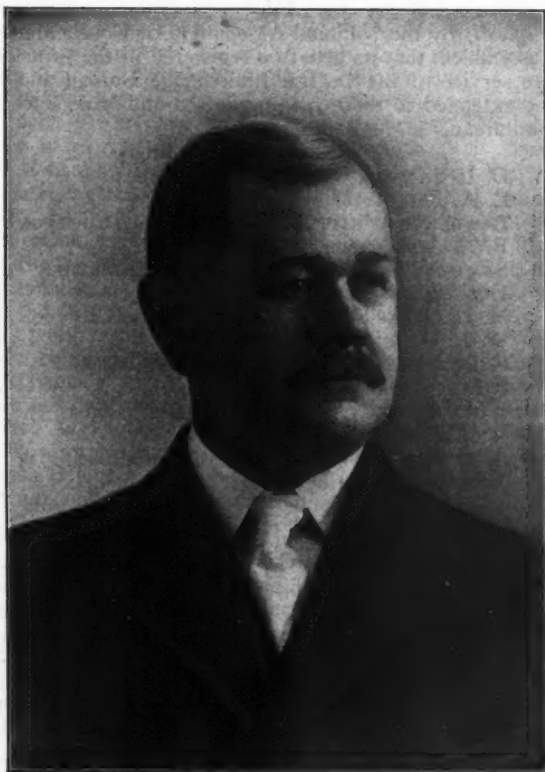
I.

"Resolved, By the National Association of Credit Men in convention assembled, that the department of Credit Interchange Bu-

reaus is most sincerely commended and the association registers its belief that no form of credit service is of so great a benefit and value to credit men in the clearance of credit risks as is the service within the powers of well conducted and supervised Credit Interchange Bureaus.

II.

"Resolved, That the sincere and unbounded thanks of the



D. L. SAWYER
F. Mayer Boot & Shoe Co., Milwaukee, Wis.
Chairman Committee on Credit Interchange Bureaus

National Association of Credit Men be tendered the local associations which have organized and are conducting credit interchange bureaus with efficient management and careful supervision, and its hope is expressed that where the organization of such a bureau is seriously considered by local associations, the idea may be consummated and interchange bureaus eventually established.

III.

"Resolved, That acting under powers that may be granted to them by constitutional amendment, it is recommended sincerely to the officers and directors of the National Association of Credit Men that this department receive their careful study, have every encouragement within their powers and that adequate facilities be arranged for the operation and control of the Central Interchange Bureau.

IV.

"Resolved, By the National Association of Credit Men in convention assembled, that its belief be registered in the principles and protective service of the Central Interchange Bureau and that its thanks be extended to those who organized and have since perpetuated the bureau.

Respectfully submitted,

D. L. SAWYER, Chairman, Milwaukee;
 E. A. FRIEND, Milwaukee;
 LAWRENCE WHITTEY, Vice-Chairman, Chicago;
 F. E. ALEXANDER, Chicago;
 SAMUEL MAYER, Vice-Chairman, Cincinnati;
 J. W. EVANS, Cincinnati;
 M. L. OREAR, Vice-Chairman, Kansas City;
 W. R. DOUGLAS, Kansas City;
 E. PILSBURY, Vice-Chairman, New Orleans;
 ALBERT MARION, New Orleans;
 J. W. CHILTON, Vice-Chairman, St. Louis;
 G. H. FOX, St. Louis;
 A. H. LIEDEL, Vice-Chairman, Springfield;
 J. SPRINGER, Springfield.

It was moved that report and resolution be adopted as read.

MR. HALL, Minneapolis—In rising to second the motion for the adoption of these resolutions, I wish to say that it is a matter of surprise to me that so many members of our organization are not fully cognizant of the value of credit interchange bureaus. Our bureau is so firmly entrenched in Minneapolis that we cannot see how any association can get along without one. If all the sources of information were taken from us but this one, we would not fear the wave of rascality that would rise, for we would be fit to battle with it through our credit interchange bureau.

I second the motion to adopt the resolutions.

C. T. HUGHES, San Francisco—While you might believe that San Francisco, from its announcement that it could not conform to the rules adopted in the amendment to the constitution, is not interested in this report, it is true that we may not be able to conform to the rule, nevertheless you must be assured that San Francisco will conform to the rule so far as it is possible to do so. (Applause).

We are not going back to the struggle disgruntled. We are first members of the National Association and secondly members of the local association. It is our belief, since the installation of

our interchange bureau, that that association which has not conformed to the interchange bureau is not conforming to the rules and is not attaining the full benefit of the local association or of the National Association.

Our message, then, to those of the Association who have not formed an interchange bureau is just this, that you are not credit men, that you are not in the local association or in the National Association until you do form a local credit interchange bureau. (Applause).

PRESIDENT JOYCE—Thank you very much, Mr. Hughes. Let us have more talk on this. We will convert San Francisco yet before we get through. Salt Lake has been called upon.

WALTER WRIGHT, Salt Lake City—We are standing right here.

PRESIDENT JOYCE—Mr. Gay of San Francisco, our national director—he is heartily in favor of interchange.

R. H. GAY, San Francisco—You have stated that San Francisco will be converted in due time. We appreciate that sentiment, inasmuch as most of our people are converted to the proposition that the interchange bureau is absolutely necessary to the life, activity and the directive force of this great National Association. There are some of us who believe that home interchange as established in St. Louis is inevitable, and we shall soon, we hope, convert those of our members who are antagonistic to this movement, because we believe interchange must have within it a national scope. (Applause).

We do not believe—at least, I do not—that the full benefit of the National Association in all its activities can be realized and can be fully apprehended until the individual members of our respective associations recognize the fact that this is a national organization and not a local organization. (Applause).

I may be called to task when I return home for having made a statement of this character, but in consideration of the fact that the benefit is to be for the units of this great Association which numbers twenty-three thousands members, as against a small local organization of probably two or three hundred, we must consider every step which the local organization takes as being tributary to and responsive to the greater and wider scope which the National Association, in all its activities, has.

I believe in a great, progressive organization, and the time is coming when the limited vision of men who compose our local association will have to be broadened out to a greater conception of the benefits which will accrue to them individually and collectively, in recognizing the full functions of this great organization. (Applause).

R. L. HILL, Cleveland—We are all vitally interested in the progress of New York and there has been a request from some of our Cleveland people to hear from Secretary Alexander of the New York Association.

PRESIDENT JOYCE—Give a long history in a few words of the success of your organization, Mr. Alexander.

A. H. ALEXANDER—I just came in and don't know what I am here for just at the moment, but if you want to know some-

thing about what we are doing in New York City with respect to an interchange bureau, I can tell you briefly that we have undertaken that work and are about to put the bureau into operation.

I want to make it clear to you, however, that this is not immediately a general bureau, covering all trades. The situation in New York is quite different from that in any other city that I know anything about. We have forty-two trade organizations in New York, thirty-six of which are operating interchange bureaus. Most of them are well entrenched in their work.

We have made a careful canvass for we have been interested in this proposition for several years. Committees have made personal calls upon various lines of industry as represented in our Association, with a view to getting an idea as to the probability of a successful bureau. That canvass resulted in disclosing that there are four lines of business that are unorganized in our city, only four lines—the paint, oil and varnish and the allied lines; the grocery, tea coffee and spices; rugs, carpets and upholstery; and the drug and chemical lines.

We undertook to get a sentiment from our members in the Association engaged in those lines. We found a fairly ready response from those in the paint, oil and varnish lines. The executive committee of the association approved a prospectus which was issued, covering in some detail the purposes and objects of the bureau. It was sent out to about seventy-five or eighty houses, engaged in these lines. Briefly, I may say that we will have forty-three houses in that line which have signed the application for membership in our bureau.

We divided the membership into groups under the same plan that Chicago has, and the group that we are to put into operation is to be known as Group No. 12, composed of the paint, oil and varnish people. We have authority to begin that bureau as quickly as we may be able to prepare the printed matter and install the necessary equipment.

I want to say, in order that the members throughout the country may not misunderstand that we have made no arrangements as yet for joining the central bureau in St. Louis, nor for the interchange of information with other bureaus, but we have authority to make arrangements with those bureaus upon such terms and reciprocal basis as our interchange bureau committee may decide.

We are hopeful of giving a service in this Group No. 12 that will be so attractive to other groups that they will come in and join, and we are looking forward to the future when the New-York bureau will become so strong that we may be asked—not only solicited, but we may be asked to take over those that are already operated by certain trade organizations. (Applause).

PRESIDENT JOYCE—Thank you, Mr. Alexander. You will note from the interesting report which Mr. Alexander has made that New York has decided to follow Chicago in this matter, and she is safe as long as she does.

E. S. GILL, Seattle—I can say that Seattle, representing the other side of the continent, would not part with its interchange

bureau, because it more than pays for itself every year. I want to cite two examples in my own experience of what the interchange bureau can do for you.

A little more than one year ago, a certain debtor left the city without leaving his address. One of the creditors said that he had formerly lived in St. Louis. Through the interchange bureau, within less than thirty days, we had located the party in St. Louis and later succeeded in collecting the unpaid bills.

In another instance, through the interchange bureau I secured the address of a debtor who had left town without leaving any word, and he sent back a check to cover the amount, and enclosed my envelope with it, writing across the face with a pencil, "How in hell did you find it?" referring to his address.

I think that is sufficient. These two instances illustrate the immense value of the interchange bureau.

PRESIDENT JOYCE—Thank you Mr. Gill. Mr. Garrison of Wichita, we want to listen to what you have to say.

M. E. GARRISON—There are seven cities in southwest Kansas and northwest Oklahoma, all of which are in the Wichita interchange bureau. I have nothing further to say on that except the fact that they have definite information, all of them, one with the other and any other section of the country that cares to interchange with them.

But speaking of one of these bureaus listed as a new bureau, I had the privilege of organizing that bureau. We had one man who seemed to be the key man and we could not put it across with him. After four or five committees had waited upon him, one influential man of the town went to see him and he said, "Now look here, there are just two that know it all, you and God."

It seems to me that that must be the attitude of these other people who do not see the need of the interchange bureau.

W. M. ROYLANCE, Utah—The association—

PRESIDENT JOYCE—Whereabouts in Utah?

MR. ROYLANCE—Provo, Mr. President. There are some cities in Utah besides Salt Lake.

The association in Utah is known as the Utah Association of Credit Men. We live out in the west, where big men grow, where we expand and believe in expansion, where we believe in the majority rule. We live in a state where you two years ago, saw copper mined with steam shovels. That mine today is yielding one million dollars per month in dividends yet, all expenses are paid.

Of course, we told you some stories about the big Salt Lake, about the depth of the salt. We told you out there that we have more coal and iron in the state of Utah than there is in the state of Pennsylvania.

Now, we are so big in Utah that when this convention has spoken, we are going to acquiesce in the decision of the convention. Applause).

PRESIDENT JOYCE—Let us hear from Portland, Oregon.

E. G. LEIH, Portland—We have had experience with interchange bureaus for a great many years in Portland. In fact, I think one of the first bureaus in the United States was organized

in Portland; however, not under the auspices of the credit men. For something like thirty-five years, I believe, they operated an interchange bureau in the city of Portland.

About four or five years ago the Credit Men's Association took over that line of work, both adjustments and interchange, and I will say that the results have been such that we simply could not get along without it. We consider it the most valuable feature of the Association work, and I believe that each and every association that has not organized an adjustment and interchange bureau should do it without further delay, because it will find that that is really the most beneficial part of the whole association work. (Applause).

ARTHUR SHERWOOD, St. Louis—My friend from Utah suggested that they do big things out there. I think that every man has a big thing arranged for him in this service. I want to tell you of one St. Louis house which arranged for service in 1914, which reduced their losses from 1913, twenty-five per cent. In 1915 they reduced their losses from 1913, sixty-six per cent, and in 1916, from 1913, seventy-six per cent. These are approximate figures, but they tell of big things.

PRESIDENT JOYCE—We would like to hear from Los Angeles.

A. K. CARE, Los Angeles—Personally, I am much in favor of interchange bureaus, but in our city there was a bureau established some thirty-two years ago, and although a large number of its members are members of the Credit Men's Association, yet it is a separate and distinct institution, operated without profit.

At various times there have been consultations with reference to getting the board of trade, as we call it, to come in with the Credit Men's Association, but so far there has not been any prospect of their coming in with us and we cannot control it.

But most of you know that so far as Los Angeles' board of trade is concerned, it is always ready and willing to furnish information to members of the Credit Men's Association, and the secretary of the board of trade goes to considerable trouble to ascertain whatever is required by your members; so that while it is a separate institution, it is within the Association at heart. (Applause).

R. L. BEWLEY, Austin—We have a small association and a young association in a large territory. Through the kindness of Secretary Tregoe who paid us a visit a few weeks ago, we enlarged our territory from the exchange point of view, and our interchange bureau today is not only reducing the loss to the wholesalers, but it is absolutely preventing failures on the part of retailers. That is where it shines. It is hardly possible now for a man, under the interchange bureau system, to operate in that territory as a retailer and evade it. His condition is watched, and before he gets beyond redemption or beyond recovery, he is taken in hand in a conservative way and placed on his feet.

Even when we cannot save him, we can still help him. This happened only the other day. The creditors of one of our grocer's, knowing the conditions, looked about for a purchaser. We found a purchaser for his stock of goods, and this purchaser was brought in by a member of our association, one hundred and twenty-five miles from our town. That is the interchange feature.

PRESIDENT JOYCE—We would like to hear from Philadelphia on this subject.

D. C. BEASTEN, Philadelphia—Philadelphia is one of the cities, I think, which first had the interchange bureau, and while the firm that I represent is located quite a distance outside of Philadelphia, we have always met with a hearty response from the Philadelphia association for credit information.

I have one instance where, seven years ago, before we had this bureau, an inventor with whom we had had a good many dealings, stuck us for about seven thousand dollars. We let it go as a free gift—we did that thing quite often before we had the association membership. About a year ago he came to our plant and I got a glimpse of him. He did not stay long, and before I got down to him he had gone. I wrote to our secretary, asking him if he could give me a little information regarding a certain concern. Last week, before I left, I got twenty-five hundred dollars of the seven thousand. That speaks pretty well for the interchange bureau.

PRESIDENT JOYCE—We would like to hear from Mr. Carson of San Francisco.

R. N. CARSON—I am sorry to hear the remarks reflecting upon an inventor, because I am an inventor myself.

I will state, that I have heard a few remarks with reference to the different boards of trade on the coast, and in speaking on that matter, I believe that the Pacific Coast boards of trade were the first interchange bureaus in the United States. The San Francisco board of trade is more than forty years old, thus, you see, antedating; any of those that have been mentioned from Los Angeles or Portland or Seattle, and there is also such a board of trade at Tacoma.

In the previous years, going back ten years, the American Credit Indemnity Co. of St. Louis will inform you that the Pacific Coast boards of trade were accepted in the final accountings of any of the businesses which have been closed up through bankruptcy proceedings, and before the final bankruptcy bills were passed, the board of trade of San Francisco was sufficient for the closing up of bankruptcy accounts in the final trial balances of the losses.

That probably may be news to some of the members of this Association and may explain somewhat the reason why these boards of trade do not like to come into what they consider a new organization which has sprung up from a mushroom, and they do not realize your growth nor weight. They look at you as only a local institution, not a national institution, where they have not as yet amalgamated.

We have members of the San Francisco Credit Men's Association who have gone far out into the districts with our merchandise, such as the firm which I represent, the Carson Glove Co., and we cover half of the United States. We interchange and are also attached to the Chicago bureau, with reference to credits, and we will interchange credits with anybody in the United States, cheerfully. (Applause).

And so I say to you, to those members who have not had the slightest experience in an interchange bureau, you would not be without it after you once started.

We have many of the firms that are connected with these different boards of trade which are the oldest in the United States. They have their territory, which is naturally narrowed down to a jobber's territory and near home all the time, and they do not realize the value of it. They are like the ostrich in many cases. They do not mean to be, but they do not see further than their narrow immediate circle and they do not realize what it means.

They do not understand that with a man to whom they are anxious to sell and who is good for all the merchandise that they can ship him, that you don't have to ask that question. On the other hand, there is the man whom they should be afraid of, the man whom they themselves do not want to sell to and do not want to give their full credit to, and he is the man that you are inquiring about from them, and your interchange is worth more to them on that man than on any other man, but they do not realize that they could tell better when he was in a bad condition if they were in the interchange, and that they would be saving themselves instead of giving you undue information, which, of course, you can see is really their reason. That may also apply in any part of the country. A line of education is needed here.

Now I would say that I am one of the new members in the directorship of the San Francisco board of trade, that we have been amalgamating our membership for the last three or four years very successfully, and that I would do anything to protect that side of it as well as the credit men's. Our firm has been a member of both organizations for twenty years or more and we intend to continue our membership; but to me there is only one organization on the line of credits and adjustment bureaus, and that is the National Association of Credit Men, and the time has come when we must not follow, but must take the lead, and it must be the Credit Men's Association that takes the lead and takes us into the foreign countries to do our business.

Today we have applications from Russia for trade, we have applications from South America, we have them from Australia from China, from Japan; and we say, "Cash before delivery. When we see your money, we will think about making some goods for you."

That is the condition that exists today, and I believe, that this Association should take the lead. I think that we should spend some money, that we should send a representative to each of these foreign countries today which are open to trade with the United States, and find out on what particular lines these other foreign countries have been doing business with them, and open your credits and then tell your bankers what we want them to do. (Applause).

I believe also that the quicker we get at that, the sooner it will show us the worth and strength of this organization, as I believe without any question that this organization is the organization that eventually will dominate the world so far as credits and finances exist. (Applause).

PRESIDENT JOYCE—We will close this discussion with a short talk from Mr. Galbraith.

J. G. GALBRAITH, St. Paul—I feel some hesitation about addressing you because we are one of the babies. We have not been organized quite as long as a number of the bureaus referred to here.

Our bureau has been organized about twelve years, but I would not hesitate to say that we have the most loyal bunch of credit men that exist in the United States. (Applause).

Every man in the Northwest is a cooperative spirit. Every man in the Northwest is for progress, is for the benefit of all, not for the benefit of himself alone, but for the benefit of all. They are big, broad men just as they are out on the coast; and during the nine years that I have been attending the conventions, I never have heard anything that gave me as much pleasure as the statement made by the coast bureaus that they are ready for the interchange through the central interchange bureau. That is what we want. We want the whole United States. There is not any such thing as competition in the extension of credit. It does not make any difference whether or not you give a man credit information, if he is going to get your customer, he will get him without the information as well, and possibly better, than he will with it. If he has the information in regard to the accounts you are carrying, he will not go in as quickly as he will if he does not know about it.

Do not think that it is going to take your trade away from you to give the information. Give the absolutely correct information. Give the information in regard to the security, give the information in regard to the guarantee, give the information in regard to everything in connection with the account, and if you do, you will be in better shape at the end of the year than if you had not given the information or if you gave false or misleading information. (Applause).

Interchange is the outcome of the cooperative spirit, and every one of you knows that without cooperation, this Association would not last a year. You know that that is what is keeping it together and making it grow and making it stronger, and it is raising the ethics of business year after year. (Applause).

The resolutions were adopted without further discussion.

PRESIDENT JOYCE—Our next order of business on this same subject is a brief report from the Special Committee on Central Interchange Bureau. This report, in the absence of the chairman, L. B. McCausland, will be read by T. J. Bartlette of New Orleans.

Mr. Bartlette read the report as follows:

Report of Special Supervisory Committee

Your Special Supervisory Committee met in St. Louis in August, 1916, for the purposes of organization and study of the subject assigned to it. At this meeting, Mr. Nordeman, representing the Credit Clearing House, requested a hearing which your committee granted, and suggested that our Association enter into negotiations with the Credit Clearing House with the view of consolidation or arriving at some method of co-operation. The proposition was referred to the National Board without recommendation.

The committee then studied the bureau in operation and decided that the two paramount questions were first: Is the plan now in operation practicable and will it give satisfactory clearances? Second: What cost should be charged the participating bureaus in order that all might be equitably assessed?

The committee was unanimous in the belief that the plan as conducted in St. Louis was feasible, practicable and successful, and concluded that the method of assessing bureaus on the basis of membership was equitable and fair to all and so reported to the national board.

The committee further recommended that the National Association should formulate a definite national policy to govern all bureaus and to popularize the movement.

At our second meeting in January, held in conjunction with the conference of adjustment and interchange bureau managers in St. Louis, we studied and analyzed closely the operation of the central bureau, and an entire session of the meeting was given over to the discussion of this subject. We found that the number of bureaus participating had increased from 17 to 25, and this result was obtained by reason of the opportunity given bureau managers to study the actual operation of the central bureau.

Thus far the eastern associations, New York, Boston, Baltimore and Pittsburgh, have not participated in the plan, but your committee believes from the indications at the January meeting that before long these eastern offices will affiliate with the central bureau.

The success of the central bureau is due largely to the efforts of J. W. Chilton, and your committee desire to record its appreciation of his services and also its thanks and those of the entire Association to the St. Louis association, which not only established the central bureau but for a long time sustained it without outside financial assistance. We feel, however, that the growth of the bureau demands the entire time and attention of a manager who can devote his efforts not only to the efficient workings of the details of the office, but who can do missionary work to enlarge the scope of the bureau, increase its membership, and thereby make its service more valuable to the entire organization.

Your committee is unanimously of the opinion that the central bureau should be enlarged so as to embrace the whole country and to this end the National Association should do everything in its power to strengthen the bureau, increase its membership, and, when the necessity arises, to establish other bureaus on the same general lines. At present with a monthly contribution of \$125 by the National Association and contribution of the participating offices, the central bureau is self-sustaining, but we believe that with a larger revenue from a greater number of contributing bureaus, the work can be greatly enlarged and the benefits accordingly increased.

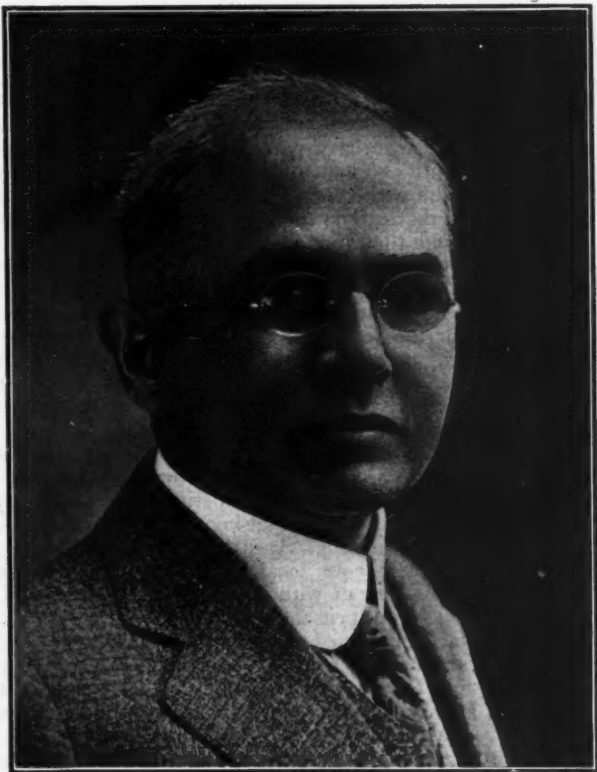
Your committee does not deem it necessary to describe in detail the central bureau plan, as it has been fully set out in the National Bulletin for the month of May, on page 346.

Your committee now offers the following resolutions for your consideration:

"Whereas, The experience of the past year has demonstrated the practicability of the central bureau as one of the most important features of our national work in improving and strengthening the facilities and usefulness of local associations.

"Resolved, That the National Association pledges itself with all its strength and prestige to increase the efficiency and enlarge the scope of this central bureau and earnestly urges all members to lend their hearty co-operation in this undertaking and be it further

"Resolved, That in order to reach the highest possible development, a Special Supervisory Committee be annually ap-



P. F. J. MUSKOPF
Walbridge & Co., Buffalo, N. Y.
Chairman Credit Education and Management Committee

pointed by the president with full power to direct and supervise the operation of the central interchange bureau, reporting direct to the national board."
F. H. McADOW, Chicago;

C. E. VANDEL, Kansas City;
G. R. BARCLAY, St. Louis;
T. J. BARTLETTE, New Orleans;
L. B. McCAUSLAND, Chairman, Wichita.

Mr. Bartlette moved the adoption of the report and resolution. Seconded.

The motion was carried without discussion.

PRESIDENT JOYCE—Presentation of the work of the Central Interchange Bureau by its manager, J. W. Chilton. (Applause).

MR. CHILTON—After the article which appeared in the May "Bulletin," which I trust has been read by all, the presentation of the reports by the Interchange Committee chairman and the Special Committee on Central Interchange Bureau by Mr. Bartlette I believe there is little that I can add to this proposition beyond saying that the machinery has been installed and is now in operation, giving us what those who have participated in this service believe to be the most scientific system of automatically interchanging information, one bureau with another, along the same lines, and going just a little beyond that interchange which is in effect between the local members through their own local bureaus.

In other words, we have passed the experimental stage and the central bureau is not an experiment any longer. It is not a theory, but it is an honest-to-goodness bureau that is for the service of all members, for the service of all bureaus, and I believe that the time is drawing near when all associations which are maintaining interchange bureaus will join in the central movement, and when we have that condition, we will have realized the ideal service for the prevention of failures.

There is no knowledge that can be given to credit men for the protection of the interests of their business that can compare with knowledge that is based upon actual experience, recorded experience, the experience of the houses that know; and there is no more effective method of assembling, classifying and distributing that information than through your local bureaus. Then arrange for that interchange, your bureau with your fellow bureaus, and you have the service that is indispensable.

I was particularly impressed the other morning with the address of our new honorary member from Philadelphia, Mr. Cattelle, when he told the little story that had for its finish, "If it is possible, it has been done; if it is impossible, we will do it." That is not his exact language, but it is the spirit of the thought.

I appreciate the opportunity of saying a little with reference to our service. I appreciate the support, the cooperation, the help that has been given me in this undertaking by the managers of the other bureaus, and I want to take this opportunity of publicly thanking them for that help. (Applause).

PRESIDENT JOYCE—We hope to have some discussion on this report of Mr. Chilton from the bureau managers.

J. H. McCALLUM, Chattanooga—I wish to say a word to those associations which now have their local bureaus though not co-operating through the interchange and also to those associations which do not have interchange bureaus at all.

The bureaus of our association have been recognized as of great importance to the National Association, and it seems to me, and also to our other managers, that the delegates attending the convention, as our friend from New York said yesterday, have not done their full duty until they have attended the conferences in which their associations are vitally interested, also their own individual firms.

We happen to know of several associations whose membership, as a majority or as a half, wish to have the interchange bureau. In our interchange bureau meeting yesterday, we had expected these delegates whose associations are interested, to attend; and I wish that this convention could pass a resolution that the delegates of those associations that are not now affiliated should go home and put this matter properly before their associations; also that from now on, those delegates attending the conventions, knowing that their associations are interested in these interchange bureaus, shall attend their meetings of the managers, that they may hear different matters relating to the bureau thrashed out.

The St. Louis association has invited all attending the convention, to go back via St. Louis and spend tomorrow in going over this important matter, and it seems to me that those delegates who are interested in this work and who cannot find the vital points from addresses from the platform, should take advantage of this opportunity and stop off at St. Louis.

This interchange work is of vital importance and those of us who have given it our time and support certainly see the advantage to the members of this Association, and the managers of the interchange bureaus trust that the delegates will not go home and blarney their associations, but take advantage of the schooling which the St. Louis members will try to give to those that stop off there in the morning.

M. E. GARRISON, Wichita—I think there is no one thing in our Association's activities that will bind our membership together quite like the exchange of ledger information. You would be surprised to see how the boys look with suspicion upon the people in the same line, and how, after they have been exchanging information freely, giving reciprocal information, one to the other, they look differently upon one another.

It is the greatest medium for binding your Association together that you can possibly conceive. I believe that every man here believes in the exchange of ledger information, but how far do you go with it? If it is good to exchange information with one man, then it is good to exchange information with all men that are selling the particular account that you are interested in; and if you knew just whom to ask and would send a stamped envelope for a reply, the average comments on the reports that the bureaus give their membership would cost you. I dare say, ten times in postage alone what an interchange report would; besides, you have no way, generally speaking, of knowing who is selling the account in question.

But with your local bureau and your local membership co-operating with the central bureau, with twenty-five markets, as it

is now organized, clearing with each other daily, your inquiry goes on the desks of thousands of credit men and you have, as it were, a drag-net that works as a fine-tooth comb, and it just combs out all the markets of this man, the markets where he is attempting to buy merchandise; and when you get that kind of information and get it at cost and through this institution, which you control and dictate the policy of, I cannot see why you pass it up except for the fact that you just have not stopped to think. Habit is a wonderful thing with men, and if you have just got into the habit of following some other course, perhaps that is easier, and you have been too busy to stop and think, but if you will stop I think, just a little, I believe that you will be strong for interchange, direct interchange, bureau interchange, national interchange. (Applause).

E. PILSBURY, New Orleans—I want to cite a concrete example of the value of a local interchange bureau as well as the necessity for national interchange. About a year ago a furniture dealer who had built up a fairly good line of credit made up his mind it was time to fly the coop, with as much money as possible. He paid up his creditors in the New Orleans markets and he bought about fifty-four thousand dollars' worth of merchandise from every other furniture dealer in the United States. He got away with practically all of it after filing a petition in bankruptcy.

Now I say that if we had had interchange at that time, all these manufacturers that sold that man would have known that he was overbuying and they would have stopped the failure. Incidentally, I will tell you that the local association spent some money investigating, recovered about eighteen thousand dollars' worth of merchandise, and the man has been indicted.

You all have manifested a great deal of interest and enthusiasm in the central interchange and interchange work. I hope you will take that enthusiasm back home with you, pass it on to the members who have not been so fortunate as to attend this convention and let them understand that your local interchange bureau is a necessity to the system but will not grow unless you put the support and energy into it that is necessary.

R. L. HILL, Cleveland—We are one of the babies among the bureaus. We started May first with one hundred-eighteen members. We now have a membership of one hundred sixty-two, and we have not started to work yet. (Applause). I had absolutely no say regarding the central interchange bureau. I think our board went into that several months before we opened up, but I just wish to say, that I consider the central interchange bureau at St. Louis one of the greatest assets we have, and I heartily endorse it. (Applause).

PRESIDENT JOYCE—Our next order of business is an address on the Federal Farm Loan Board. Just at the moment, I am not concerned with the subject of this address. The gifted gentleman who is to make the address is fully prepared to take care of the subject. I wish, my friends, most sincerely that I could put into appropriate words the many nice things which I have heard about this gentleman since I reached Kansas City.

His fame as a thinker and his services on the bench extend

far beyond the confines of his own state. He comes here this morning to share with us his broad business experience. That he will do this in an eloquent manner goes without saying when I tell you that this gentleman lives in Kansas, where they grow orators, and more than orators, they grow thinkers and men who do things.

It is an especially proud privilege, which I know you share with me, to listen this morning to the Hon. Charles E. Lobdell of Great Bend, Kansas. (Applause).

Address of Hon. Charles E. Lobdell, Great Bend, Kansas

I am glad to accept your flattering greetings as a tribute to the Sunflower State. I feel signally honored and especially privileged at being invited to appear before you today; honored because when I repeat the oft stated truism that credit is the commercial life blood of the nation, and add to it the thought that your organization substantially controls the commercial credit of America, I have but faintly stated your importance in the business world, and such a gathering any man must feel honored to address.

I feel especially privileged because I have an axe or two to grind. The fact is that I am seeking membership in your organization. I want to convince you that I am a sure enough credit man. I want to make this presentation myself. Not only do I seek membership as a credit man, but I come to you for a line of credit in figures that would be startling if our government had not been talking in billions, and I want to submit to you our prospectus and credit sheet and if possible, get your "O. K." on the order before I am done; and I realize that it is not often that a man with such sinister purposes as these gets an opportunity to appear in person and have a respectful hearing.

It would not often happen that one might appear before this up-to-the-minute audience and speak for a few moments about a matter of current business history of unusual moment and tell you things with which you are unfamiliar, yet I believe without egotism that I might do that if this morning I were to engage in a detailed discussion of the Farm Credit System that is now being put into operation under the supervision of the federal government.

I present this thought not as an indictment, not as a complaint, but as a statement of a rather remarkable fact, that notwithstanding its vast import, notwithstanding its far-reaching business significance, the fact of it is that the business world has not found out about it. This is a statement that I am sure your own self-consciousness will confirm.

Time will not permit and I should grow tedious if I attempted it, a detailed discussion of the federal farm loan system, but perhaps I may in a few moments suggest some of its more salient features.

I have designated the theme or the subject under which I would present the farm loan system as "Credit at the Fountain-Head." I have done this because I conceive that our agriculture is the very fountainhead of our business activity, if not indeed of

our existence as a people. I believe that we are all, in a general way, in accord with this sentiment. At any rate, it would be a pleasure at any time to defend it, but at this hour, when the high cost of living is the gripping problem in every American household, when this great, independent democracy, jealous of individual liberty and resentful of its infringement, is preparing itself to yield ready obedience to the dictates of a food controller, and when we hear above the crash of a world in arms, above the wailing of desolate homes for those who come not again, that universal prayer to God on high and the American farmer, "Give us this day our daily bread," the statement needs only to be made to be accepted and I shall not discuss it.

Why a federal farm loan act? That would be a splendid theme for an hour's talk. I can only give you one or two suggestions of the most general nature with which I think you are all familiar. In the first place, this startling fact exists, that our agricultural interests, representing the best basic security under the wide heavens, are using today the startling sum of four billions of dollars and paying an annual interest charge 50 per cent greater than railroad corporations or standard industries.

That means a tax of more than a hundred million dollars on the American farmer. That means a hundred million dollars taken from better farm homes, taken from better living conditions on the farms, taken from better agricultural methods; yet we have wondered why the boys leave the farm. That is one reason for a federal farm loan system.

Another and a broader reason, the financing of our agricultural production at reasonable rates to the highest point of its capacity and efficiency, is a household problem all over this country, and it is not a matter of farming interests alone.

Why a federal farm loan system? Because the experience of all the great nations of the earth has demonstrated its necessity, and the United States of America was the last of these to enter upon it. Prussia, that startling master of modern efficiency, for a hundred years has been financing its farmers. France, whose splendid peasantry have borne the financial burden of the war and with their life blood saved the world to democracy, has been carrying on for fifty years a system of rural credits. High time, is it not, that the task should be undertaken by the American government?

What is the federal farm loan system? What does it seek to do? Again, I could take an hour, but I must try to compass it in a single sentence. The purpose of the federal farm loan act, its aim and end, is to coordinate the scattered farm mortgages all over this country into substantial, corporate organizations and make them the basis of bond issues as other commercial enterprises do.

How is that going on? This is where I come in as a credit man. They are presenting those applications to the federal farm loan board at Washington at the rate of more than ten million dollars an hour. We expect this year, in the twelve months beginning the first of June, to scrutinize individually, that is, not I, but our organization, more than fifty thousand individual applications, representing more than a hundred million dollars.

Is it doing any good? I heard a gentleman over here from the sunny south speak a few minutes ago and I thought about what we are doing for the farmers down there. The very first batch of loans that came over my desk was from the state of Alabama in the New Orleans district—forty-eight farmers borrowing less than six hundred dollars apiece, and an analysis of those loaned showed a condition that my friend and any of you from that country would recognize: two-thirds of that money went to pay a mortgage to the country merchant.

That country merchant had been loaning those fellows the money for their seed, he had been feeding them out of the store at exorbitant prices and making them sell to him when he said, and raise on their farms what he told them to raise. That twenty-seven thousand dollars that went into Alabama emancipated those forty-eight little farms and made their occupants commercial free-men.

That is the work we are trying to do; and now about this line of credit. Let me tell you just a little, and hastily, of the credit end of the federal farm loan system. I must not tarry to discuss it from the farmer's viewpoint, because I want to speak to you from another angle. I know you are all investors, because I see every one of you owns a government bond. I want to talk to you about the financial end.

I say we are endeavoring to coordinate that individual farm credit into an organization and make it the basis of a bond issue. How is that done? It begins right out in the farm neighborhood. The farmers, ten or more, desiring to borrow, get together and organize what we call a national farm loan association. They don't underwrite each other's loans, but they approve them, and each member of that association takes five per cent of the amount of his loan in stock in the federal land bank of his district and is liable, in the event of default of his association, to a five per cent additional assessment.

That is the first guarantee of the federal farm loan bond of which I shall speak. The loan is made, not exceeding fifty per cent of the value of the land, twenty per cent of the insurable improvements. It must be approved by a local loan committee of three. It must then be approved by the board of directors of this association, and the association guarantees it to the federal land bank.

After this official step is taken, an appraiser, appointed by the federal government through our board, goes upon the land and confirms those valuations. The loan is not made until he says that the land is worth twice as much and the improvements five times as much as is loaned upon them. That conclusion is approved by the federal land bank of St. Louis, if it were in Missouri, and then in blocks of fifty thousand they send those mortgages, guaranteed by the association, representing only half the value of the land, to the federal farm loan at Washington. There we again scrutinize them with such general knowledge as we have of conditions, studying each application as to the methods adopted on the farm, as to its productiveness, as to what it is doing, and if we find them satisfactory, we authorize an issue of federal farm loan bonds. These

are the direct obligations of the issuing bank. There are twelve of these banks, each with an initial capital of seven hundred fifty thousand dollars. This capital is increased by five per cent of each loan made, so that the loaning capacity is unlimited.

Each bank is fully liable for the bonds of every one, so that when an issue of fifty thousand dollars in federal farm loan bonds is made, it is guaranteed first by the mortgagors, by the association, by the issuing bank with its initial capital of \$750,000, and underwritten by each of the other eleven banks.

That is, in a word, the credit I am offering. I want your "O. K." on that, and sometime, when we are through buying Liberty Bonds, when we have quit our contributions to the Red Cross, then I want you to buy a federal farm loan bond to help buy plows and machinery on the farm. (Applause). These bonds will be issued on a four and one-half per cent basis. They will be 500's, running twenty years, callable at the option of the bank after five years.

I wish the time permitted a general discussion, for you are so patient I would love to engage in it. This is, briefly, our task. As I said in the outset, a hundred millions has been levied annually, not an extortion, but because of want of organization, because every farm loan represented an individual transaction between the borrower and the lender, thousands of miles apart, and each intermediary must be compensated. It was the result of disorganization.

The plan is to coordinate and reduce that rate and afford every investor, large or small, with an absolutely sound investment. These bonds will be issued in denominations as small as twenty-five dollars. They will be for sale at the post offices, for sale through almost all government agencies. It is the first time in the history of our country when the saver with twenty-five dollars accumulated can take that money and invest it in a farm mortgage, underwritten by twelve responsible financial institutions and carrying the final approval of high officers of the United States, as the chairman of our board attests the approval of every bond that is issued.

In this work, in the building up of our agriculture, in the reducing of its burdens, in the betterment of farm lands, in the increase of production—to all of this I invite your earnest cooperation by the purchase of farm loan bonds.

I should be reluctant to leave this audience this morning without suggesting, as others have doubtless done, that we are meeting at a historic hour, and notwithstanding the cordiality of our reception here, the splendid hospitality that is shown, the cheerful report of business prosperity you are all able to bring, the gladness of welcoming smile, the joy you bring and the cordial handclasp, we feel the pressure of mighty events and their shadows are over us all; and even as we pause, there echoes around the world the cheers and benedictions that greeted the American flag and the khaki uniform of the American soldiers in the wartorn land of France.

Those cheers and these benedictions greeted our banner and our soldiers not alone as a strong arm reached out in rescue, not as the representatives of a partnership between democracies, but as the representatives of a hundred million united, self-governing, free

men, dedicated to simple justice for all mankind, and springing to arms without hope of conquest, without thought of aggrandizement, that justice might not perish from the earth.

And it is not too much, my countrymen, to hope and pray that as the embattled American farmers at Lexington fired that shot heard around the world, which ushered in the first dawn of civil and religious liberty on this continent and established the first living democracy on earth, the final shot which shall strike down militarism and despotic government on earth, may be fired by American soldiers bearing the Stars and Stripes on the banks of the Rhine. (Applause).

Under the inspiration of the honor we are being born again, born to higher ideals of public service, born to a new conception of public beauty. Life, American life, means more today than it ever meant before. American citizenship is a prouder and a grander heritage today than it ever was before, and we are each of us doing our bit.

Last week this great nation of ours received voluntary subscriptions for nearly three billions of dollars in the Liberty Loan. I noticed with pleasure that a great financial concern had subscribed one hundred millions, that was splendid, but I was privileged to see a greater and a more splendid subscription.

In the little village of Arlington, just across the Potomac from the nation's capital, on the Saturday before the subscriptions closed, in the First National Bank, a little bare-footed lad, a typical urchin, with just enough clothes to keep him from the sun and be decent, hardly high enough to look over the counter, came in and in my presence said to the startled cashier, "I want to buy a bond." The cashier said, "What kind of a bond?" "A government bond." "How old are you?" "Ten, going on eleven." "Does your mother know about this?" He was a widow's son. "She knows I am going to buy a bond. She don't know I am here today." "Do you know what these bonds are for?" "Yes, sir, to buy uniforms and guns for the soldiers." "Can you pay for a bond?" "Yes, sir. I make a dollar and eighty cents a week selling papers and doing chores, and I am going to save a dollar and a half a week and pay for this bond." (Applause)

My countrymen, from the lips of that thoughtless child there spoke the quickened soul of the American nation. Business has felt the thrill. We are asking ourselves today not only "Is it safe; will it pay?" but "Is it consistent with the public need and in harmony with the general welfare?"

This, my fellow citizens, is the challenge of the hour to the business world, and to it, I have no doubt the credit men of America will splendidly respond. (Applause).

SECRETARY TREGOE—Yesterday morning I was told that we did not salute the flag right, but we have not time to learn it right. We will do it from the heart. Let's salute the flag.

Salute.

PRESIDENT JOYCE—Our next order of business is the report of the Investigation and Prosecution Committee. The chairman of this committee, my fellow townsman, Freas Brown Snyder, was

not able to come to the convention and his report will be read by the vice-chairman, Willard Haff of New York. I take pleasure in introducing Mr. Haff.

Mr. Haff reads report as follows:

Report of Investigation and Prosecution Committee

Organized investigation and prosecution work had its inception with the report of a special committee to the St. Paul convention in 1913. This was followed at the Rochester convention in the subsequent year by a resolution authorizing the appointment of a committee to develop a plan for raising and administering an Investigation and Prosecution Fund. The committee appointed under this resolution reported at Salt Lake City in 1915 the plan with which members are now familiar and under which the fund is now operated. The committee was continued and at the Pittsburgh convention of 1916, it reported that pledges up to \$25,000 had been secured and that the plan was therefore operative. Your present committee was charged with the duty of formulating rules for the governance of the fund and the result of its deliberations was submitted to the board and then to the membership at large under date of October 18th, 1916. An Investigation and Prosecution Department was established in the National office with Justin Henderson as assistant in charge.

The financial operation of the fund has been as follows:

Balance forward June 1, 1916,	\$ 2778.04	
Received from subscribing associations,	15677.25	
Received from subscriptions of National members,	5457.50	
Proceeds of "Bulletin" advertising,	566.40	
Miscellaneous,	428.14	
Interest on balances,	158.37	
Interest on permanent fund,	212.49	
Unredeemed pledges,	1701.00	
TOTAL AMOUNT PLEDGED AND RECEIVED,		\$26979.19
Office Expenditures,	\$2,080.62	
Prosecution expenditures,	1,851.45	
TOTAL EXPENDITURES		3932.07
BALANCE ON HAND AND PLEDGED,		\$23047.12
American Exchange National Bank, New York	\$5975.26	
Essex County National Bank, Newark, N. J.	7575.26	
First National Bank, Philadelphia, Pa.	7583.11	
Interest on permanent fund,	212.49	
Unredeemed pledges,	1701.00	
		\$23047.12

The operation of the department is presented in the following figures:

Number of cases referred to the Bureau 229

Number of cases investigated and undertaken	205
Number of cases concluded	105
Number of cases yet pending	124
Convictions secured	18
Indictments secured and pending	75

Many of the department's most useful activities cannot be included in the above statistics nor are they represented by expenditures. In some instances the influence of the National Association exercised through this department in co-operation with local associations has moved to action indifferent and dilatory judicial officials. In the case of the Northeastern Express & Storage Warehouse Co., the efforts of the department secured a reduction of several claims and hence larger dividends for the other creditors. A new point of law was also established in this case. In one instance the department co-operated by pledging financial support and with this backing the local association interested was justified in making an investigation. As a result of its efforts a judgment was entered ordering the bankrupt to pay \$4,500 cash into the court and creditors' dividends were accordingly increased. The department's capabilities are also put to severe test in that local prosecution committees frequently handle independently the more flagrant and obvious cases in which a conviction is reasonably sure, but seek co-operation on the harder and more doubtful prosecutions.

Although the department is less than one year old the records which it is building have already proven very valuable. The information gathered on each name investigated is carefully preserved and a cross reference index maintained. This was instrumental in connecting one criminal with two separate crimes involving two distinct local associations who would not otherwise have discovered the identity of the fraudulent debtor. While frequent changes of name and aliases increase the difficulties of identification, the criminal mind seems to flow in a narrow channel and identity is frequently established by the similarity of operations. In this, as in the other successful features of the department, great credit is due to the active head, Justin Henderson. His thoroughness, persistence and energy are largely responsible for such progress as is recorded in this report. The wide reach of the department under his management is not only bringing punishment upon evil doers but is furnishing means of circumventing them by presenting to our members information regarding new points of law and other avenues by which such crimes can be reached.

The active business man is so accustomed to conceiving, executing and concluding a plan within a limited time that he is made impatient by the delays and technicalities of legal procedure. The growth and aggravation of such an attitude of mind among our members would be a great comfort to the criminally inclined as it spells almost certain failure for the prosecution work. It is hardly possible to secure a final decision in a fraudulent case within one year of the start of the investigation and for that reason the department is unable to make such reports of definite progress as commend themselves to the practical mind. We believe, however,

that its first year of effort has fully justified its existence and that the prompt payment of the pledges for the second year and the increased use of its facilities by members will enlarge its usefulness and materially lessen crimes against business.

To provide for the time when the pledges will expire but the work must continue, the Committee recommends the creation out of subscriptions of a permanent fund which it is hoped will eventually supply a sufficient income to maintain the department. The success of this branch of our Association work will be greatly augmented when every local association is a contributor to the fund and a participant in its activities by the appointment of a live Investigation and Prosecution Committee. The field of such committees is to investigate any local failures of a suspicious character to the point where they believe that a prosecution can be sustained and to cooperate with the department in investigating failures within their territory which have been reported to it.

The Committee submits the following resolutions:

I

• *"Resolved, By the National Association of Credit Men in convention assembled, that the work of the Investigation and Prosecution Department during the first year of its creation fully justifies its establishment and the continuance of its operations."*

II

"Resolved, That the Association herewith appeals to every local association and national member not yet contributing to the fund to make support universal by pledging a subscription to the fund during the present year."

III

"Resolved, That the executive members of the Investigation and Prosecution Committee are authorized and directed to set aside from the cash balance on hand of the Investigation and Prosecution Fund the sum of Ten Thousand Dollars (\$10,000) to be added to the permanent fund for prosecution purposes."

Respectfully submitted,

FREAS BROWN SNYDER, Chairman, Philadelphia;
WILLARD HAFF, Vice-Chairman, New York;
C. DE L. ALTON, Glastonbury;
FRANK C. DEMMLER, Pittsburgh;
H. G. NEWCOMER, Utica;
F. WARREN KIMBALL, Boston;
W. F. McAVOY, Baltimore;
WILLIAM KOESTER, Jersey City;
CHARLES A. MCCORMICK, New Brunswick.

Mr. Haff moves the adoption of the report and resolution as read.

F. P. HAMBURGER, Detroit—I rise to second the motion made by the vice-chairman of this committee, and desire the floor for just two minutes. I wish I could be given more time, but we are ten minutes behind our schedule.

Those of the credit men who are here assembled who have had any part in attempting to prosecute fraudulent debtors in their section realize the difficulties that must be encountered. The unwill-



FREAS BROWN SNYDER
First National Bank, Philadelphia, Pa.
Chairman Investigation and Prosecution Committee

ingness of creditors to submit to an assessment for that purpose often makes the task too burdensome to be undertaken.

The Detroit Association of Credit Men has during the past year expended almost nine hundred dollars for this purpose, two hundred fifty of which was a contribution to the national fund. With the assistance of the Detroit Association of Credit Men, both morally and by hard work and money and time, the Grand Rapids association was able to send to Leavenworth prison, Kansas, a

fraudulent bankrupt who was sentenced to a term of one year, fined one thousand dollars, and was obliged to surrender to the trustee in bankruptcy, \$13,700 of concealed assets. (Applause). The Detroit association was able to secure an indictment against another fraudulent bankrupt, but after an awful lot of hard and arduous labor.

I am on my feet for the purpose of expressing my gratitude to Justin Henderson, in charge of this department in New York City. They offered us money, they offered us moral support, and it was through the courtesy of Mr. Henderson that I was able to secure an interview with the Department of Justice at Washington, with the assistance of Mr. Shealey, the secretary of the Washington association. Mr. Henderson secured for me an interview with the Assistant United States District Attorney, Judge Graham, and also with Mr. Ramsey, in charge of the investigation department; and I want to say to Mr. Henderson, if he is here, that it was, I believe, through the influence of that office, the Department of Justice, that we were able to secure action from the United States District Attorney at Detroit.

B. M. KING, St. Paul—Just a word in correction of this report. We of St. Paul are as jealous of the honors and accomplishments of our city as we are of our honor, but we do not want to take any that does not belong to us. We know that the city of Minneapolis considered the convention of the National Association of Credit Men, held there in 1911, as an honor, and if this report is intended to refer to that convention, the name of Minneapolis should be used instead of St. Paul. The convention held in 1913 was in Cincinnati, I believe, and the name of the city and year should be changed if reference is made to the convention held at Minneapolis.

MR. WINTHROP, St. Louis—In the annual report of Mr. Snyder we find that the National office began its investigation and prosecution about a year ago. After the convention several years ago, St. Louis began recruiting her money for this purpose. They got their subscriptions complete and they have been working at it for the last three years. I could tell you of a number of cases that you would hardly believe possible that were committed during these years and which we have handled successfully. Our last report, covers twenty-eight pages of legal cap, typewritten, from which you will know we have been at work.

I notice in Mr. Snyder's report that he feels as if he had not had the cooperation of all the investigation and prosecution committees. This is true, but it is not due to the fact that the committees did not want to cooperate with him, but being a new idea, a new work, we did not quite understand the system.

However, there will be some resolutions passed, I hope, by the resolutions committee—they have been duly submitted—which will cover these points, I believe, and the next year will bring forth fully what this committee will do. We are only pioneers. We are beginners at this work, but, when we get this system going properly, as we see it today, when you get your adjustment bureaus working as they should work, when we all take hold, this system

will work in such way that we shall eliminate, so much work for the credit man that he will have lots of time to play golf and other things, for the system will run smoothly without too much work; and we can give two weeks to this convention, have a vacation while we are here, instead of just four days. (Applause).

The motion was carried without further discussion.

PRESIDENT JOYCE—We have an opportunity now, in the next number on our program, of hearing something which rarely comes to our convention—I think too rarely—an address by a country merchant, and he talks on "How the Country Merchant Views the City Credit Department."

There is a vast difference, my friends, between the man who knows about something and the man who is that something. Such a difference exists between the greatest of living Hindu poets, Tagore, and the lovable late Robert Louis Stevenson. Tagore tells us what children think, but Stevenson is the child:

"Taking the back bedroom chairs

To make a ship upon the stairs."

or the child who says,

"I have a little shadow that goes in and out with me,

But what can be the use of him is more than I can see."

The distinction between knowing about a thing, and knowing the thing, makes us want knowledge from the man who has the actual experience. We shall take great pleasure in hearing from a man who knows how the country merchant views the city credit department. (Applause).

How a Country Merchant Views the City Credit Department

ADDRESS OF CLIFF CROOKS, FAIRBURY, NEBRASKA

There is always somebody taking the joy out of life. My predecessor, in his committee report on the Prosecution Committee, just made the remark that he hoped the work of the Prosecution Committee would become so widely known that the "Crook" would not dare to show his face in the commercial world. (Laughter.) I guess I had better go home and make an assignment to the credit men right now.

It was the source of a great deal of satisfaction and personal gratification to me to receive a letter from your secretary, inviting me to be your guest at this convention and to tell you a few things about what the country merchant thinks of the credit man. There is no doubt that there are others who are far better equipped and far better able to tell you about this than I.

I will offer you no alibi for my remarks. I wish to make, however, a little statement that may explain in a few words why my remarks will be so disconnected. For three weeks past I have been confined to my bed and it was only last Tuesday morning that the doctor very reluctantly gave his consent to my making this trip, and in parenthesis I will add that my wife never did give her consent.

You have had before you at numerous times in this convention and in past conventions, men whose command of the English language and whose flow of words excelled anything that I can offer you, and it reminds me of the Hindu prince that came to this country on a visit and became an ardent enthusiast in the game of golf.

One day an American friend of his took him to the links and as they started from the first tee, the honors were given to the visiting prince. He carefully teed his ball, selected his club, took his position, then raised his eyes on high and said, "Oh, Allah, God of my fathers, give me strength to make a perfect drive," and then he swung and the ball rose and floated and floated through the air and landed within two feet of the cup. The American thought it was up to him to do something likewise, so he picked up a little dab of sand and threw it on the tee, laid the golf ball on top of it, selected his club, took his position, looked up towards the heavens and said, "You know me, Al," and made a swing at it. (Laughter.)

So that is all I can say, "You know me, Al," and I will make a swing.

The subject assigned to me is "How a Country Merchant Views the City Credit Department." That is a polite way of saying what we think of you and what we think you ought to do for us. I suppose it is customary for a foreign speaker to come before you and praise your Association, tell you what wonderfully good-looking gentlemen you are, what an intelligent audience he has the pleasure of addressing, how you are the keynote of all business construction; but I am going to pass over all of that. There is not a man here but will admit the truth of all that.

Each man in a wholesale or jobbing organization, each department, thinks that his department is the one upon which depends the success of that institution. The buyers say, "If we did not buy correctly, they would not want our merchandise." The sales department says, "If we did not sell the merchandise, what good would it do to buy it?" and the credit men say, "If we did not get the money, what good would it do to buy the merchandise and sell it?" Each in his own mind is the keynote to the profits that please the owners.

But isn't the country merchant really the most important factor in the success of any business? And here I want to supplement the introduction that was given me by the president and tell a bit more about what I am and who I am, so that you will understand where I am getting my information.

I live in a small town, in the state of Nebraska, of about five thousand people. We deal principally, almost entirely, with an agricultural community. We have our ups and downs. I have the privilege and the pleasure at the same time of being at the head of the Federation of Nebraska Retailers, which I think is the largest organization of country merchants in the United States, having something like eighteen hundred members.

The country merchant, as I have said, is really the one who is the keynote to the success of the wholesaler. Sometimes you call

them storekeepers. Well, a convention is the time when everybody can take all the credit that is coming to him and then what is coming to others. You say that you are financial managers and you get away with it. We say we are country merchants. (Applause.)

In the state of Nebraska, to show you the importance of the country merchant, there are 996 towns. Only fourteen of those towns have a population of over five thousand. There are 21,000 retail merchants in the state of Nebraska. You can readily see what a vast number in our own state are country merchants.

I will not undertake to give you any statistics, because all of you have forgotten more statistics in one minute than I will ever be able to learn in my lifetime, and my remarks will be confined mostly to my own state where I know a little about conditions.

What is a country merchant? I was much surprised yesterday afternoon in listening to the remarks, that the country merchant was believed, by a great many of the credit men especially, to be woefully ignorant, indifferent and insufficient. I presume that is so, but we don't like to be told it.

What is the country merchant? Let me draw a picture in just a minute of the country merchant. He is the first man at the store in the morning. He unlocks the door, he sweeps out, he counts the cash for the sales of the day before. A customer comes in, he waits on him. The morning's business rolls around. Perhaps he has time to enter his books and perhaps not. He is his own bookkeeper, his own buyer, his own salesman. He goes out about ten o'clock with a committee to raise money for the commercial club or to bring a stock show to town or to help the county fair, doing something of that sort all day long. In the afternoon he is behind the counter. He is waiting on the trade; asking John how the farm is getting along, asking Mrs. Smith how all the children are. He has a glad hand for everybody, a welcoming smile for everybody.

Supper-time comes along and he goes home, and thousands of country merchants go back to the store every night until ten and ten-thirty and sometimes eleven o'clock. There is not a minute in the day that is not spent in doing something that helps him make dollars and helps him try to pay his bills.

The country merchant is an autocrat in his community, in one sense. He is a John D. Rockefeller or an Andrew Carnegie. There is not a benevolent organization started or a subscription paper started but that would fall to the bottom if the country merchant's name was not at the top. It is dig and dip all the time for everything that comes along.

Then, too, to be a country merchant is the goal, is the ideal of every clerk, "When some day I can have money enough to have a store of my own"; for every road man, "When I can accumulate five or six thousand dollars and get some credit and start a country store and be my own boss"; of every farmer, "When I make enough money on my farm so that I do not have to work so hard all day and can retire and go to town and buy a store and run a store." It is the goal of all these men, and I have no doubt that it is the goal of some credit men who would like to have a few

thousand dollars and go out and buy a real store and run it as he knows it should be run. (Applause.)

Many of them fail. I saw in the report of your conversation last year that ninety-one per cent failed. You know they say that when a man fails at everything else, he goes into the ministry. Well, that is the reason why there are so many preachers, because there are so many failures among the country merchants.

Long, long ago, I think before ever the credit man was thought of, it was realized by the manufacturer, the wholesaler and the jobber, that the country merchant was a necessity to the distributing of their wares, but so many of them failed that something had to be done, and in this dire extremity was born the credit man.

What is a credit man? Now I think there are too many ladies present for me to tell you, and if you will permit me, I will step over to the stenographer and have him make a lot of stars and dashes and question marks for this part of his report, and you can figure out what it means and then you will know what the country merchant thinks of a credit man.

When I was going to make a talk similar to this last fall, I tried to get a little information and so I wandered around my own little town to make some inquiries as to what they thought of the credit man.

I will have to start with an incident that happened in my own experience some years ago. I received a letter from an eastern concern asking me about the honesty, integrity and character of a certain business man in our little town. I did not know the concern. Nor did I know the man who signed the letter, but a competitor of the man inquired about, handled some of the same goods and I thought perhaps he could tell me whom the letter was signed by and who the man was. I did not know but that this man wanted to go out of business and had applied for a job or something of that sort, and I wanted to give him all that was coming to him if that was the case.

So I went to this competitor and I said, "Do you know this man whose name is here on this letter? Who is he? What's his house?" He took the letter and looked at it. "Oh," he says, "that fellow? Oh, he's that damned credit man from that house."

A salesman comes into the store and he has changed jobs during the past year. I said, "Not so long ago I thought you told me that you had a good job selling goods." He says, "I did. I never sold so many goods in my life as I did last year, but that damned credit man wouldn't ship them all."

The credit man, in the eyes of the country merchant, is the official bill collector and he dogs him from morning to night. I recall well the first time that I ever was in a credit man's office. My father-in-law, who owned the business before I had it and who died last summer, was called to the west on account of the illness of his wife. It was during the month of August, the market season, and we could not wait until he returned, so for the first time I made a market trip alone.

He had written me to go to the credit man of one of the houses and to speak to one of the salesmen in the house, the gen-

eral salesman, and ask him—I was in the market the week of the twenty-first of August or something like that—and ask him as a personal favor to him to have the bills all dated the first of September, as he expected to be home in plenty of time after that to take care of the payment.

I spoke to the salesman and he said, "You will have to see the credit man," and so we started on a journey to the back of the establishment. We went down a long aisle. On one side were rows and rows and hundreds, I guess, of clicking typewriters, a regular artillery section of typewriters, and on the other side was the bookkeepers' artillery, and as I wandered down this aisle everybody looked up and stared at me. I will admit that maybe my clothes were not the latest cut, maybe my face was tanned a little bit by the Fairbury sun, but I could guess from their looks that they were saying, "Humph! There goes another yokel to his doom."

Down this long aisle we went, until, clear back in a little corner, we came to a little glass cubby-hole, a little partition off in one corner. On the window of the door were the words, "Credit Department." The salesman opened the door and allowed me to go in first, which was very kind of him. I think if he had gone in first I would have turned around and walked back. Inside of that office was a mahogany desk. On one side, at his right hand, was a Bradstreet's book. On his left hand was an R. G. Dun & Co. book. On top of the desk was a bankers' directory of the United States. At the other side of the desk sat the credit man. His face was that long. I do not believe that he had smiled from eight o'clock in the morning until five o'clock at night since he had been in the employ of the house.

The salesman introduced me to him. He shook my hand. It was like taking hold of a cold fish. He slipped his glasses down over his nose, looked up at me and said, "Well, Mr. Crooks. what can I do for you?" I want to tell you that it did not take me long to get out of there.

That was my first experience with a credit man, and that, is typical of what the country merchant thinks of the kind of men who look after the credits of the houses from which he buys goods. They do not believe there is a credit man in America that has anything in his veins except congealed ice water. I wish that I had had ever, country merchant in the United States here with me yesterday and today and had a platform large enough for them to occupy that they might look into your faces, hear you laugh, hear the applause, and let them know that somewhere in the United States, maybe not from the houses they buy goods from, but in some houses there are credit men who have real live blood in their veins. (Applause.)

One of my friends in Fairbury, on this tour of investigation, told me that the only time that he ever met a member of the firm was once when he was about thirty days overdue with a payment for his merchandise and he received a letter to come into the house. This member of the firm was the credit man. His dealings heretofore had always been with the salesmen, and he says, "If all

members of firms are like that man, God knows I don't want to meet any more members of firms."

Why are there so many failures among country merchants? You know the answer as well as I do. I think your reports last year showed there were 22,126 in the year 1915. 20,000 of them had five thousand dollars or less of capital. That is the country merchant—five thousand dollars or less of capital. In our own state there were 177 of them, and yet, here is this vast organization of wholesale and manufacturing industries of the country, each one of them keeping a man keyed up to a high pitch to look after, in our state, those 177 failures and to see that they get the money.

Seventy-five per cent of those failures are through the fault or cause of ourselves, you say—incompetency, insufficient money, and bad accounts. You know the old legend about the Indian who had an ache in his arm, and he took a live coal from the burning fire and placed it on that ache, searing the flesh, and then treated the burn.

Isn't a credit man or a credit department a great deal like the Indian? He waits until we get clear down in the depths of despondency, when business is poor, when we don't get a dollar from our own collections, then he comes in on us and treats the burn. He takes what is left. Why does not the credit man find out what caused the burn and then help us from the ground up to get rid of the ailment, instead of burning us on top and treating the burn?

The basic principle of jobbers, manufacturers and wholesalers seems to be, in regard to the country merchant, to sell, sell, sell, and it should be, from your point as well as ours, profits, profits, profits; profits to the country retailer, profits to the jobber and profits to the manufacturer.

My idea is that there is something wrong in the whole establishment of manufacturers, jobbers and wholesalers. There should be two departments on a par, a merchandising department and a financing department. These two departments should cooperate in every respect for the benefit and betterment of their own individual house.

Salesmen sell on rating. You would be surprised if you knew how many salesmen come into my little store and pull out of their pockets or have in their hands a little slip cut from R. G. Dun or Bradstreet: "George E. Jenkins, rating so and so." And whichever one has the best rating on the card, he calls on first, then he goes down the line; but he always tells you the same story, that he is very anxious and willing to sell. The better the rating, the bigger the effort the salesman puts forth. He cares not, he does not stop to think one single minute as to whether or not the merchant has the proper outlet for the goods that he is offering that day.

The salesman is a natural-born optimist. There never was a time when the country has gone to the dogs in the salesman's eyes. There was never a time, even with the burning Nebraska sun shriveling up the corn crop day by day, but that there was going to be as much corn raised in Nebraska this year as there ever had been. There never was a time when the wheat crop was winter-killed and

we are wondering where under the sun we are going to get our spring business, but that the gentle optimist comes along and says, "You are going to raise just as much wheat this year as you ever did."

He tells the merchant what a good fellow he is, what a wonderful store he has, what a wonderful salesman he is and how much merchandise he ought to sell. He tells you how much merchandise your neighbors buy. He tells you how much the man in Beatrice buys, how much in Hastings, how much in York. One of these days I am going to take my little tin lizzy and I am going to ride around over those towns. I want to see those towns. If they have all the goods in these stores that the salesmen say they have, each one of them has more goods than the Jones Dry Goods Co. in Kansas City.

The salesman doesn't care. All he wants to do is to get the thing on the paper and get it into the house. He knows well that in this house there is a drag anchor, that when that thing gets too high, this drag anchor is going to jerk it and let it fall, and that drag anchor is the credit man, so what does he care?

You credit men, because of the positions that you hold as credit men, are trained to the efficient and diplomatic handling of men. If you were not there is not a house in the country that would need your services after tomorrow morning. You look after the bad accounts altogether. Why not look a little after the good accounts and find out why they are good?

I know a credit man in one of the houses in this country—I came pretty near saying where, but I would not do that for the world—and every bill that goes out of that house, goes across his desk. He told me that this last winter, and I said to him, "Do you look at them all?" "No," he says, "I only look at those that we know are shaky. I want to see how much they are buying." I said, "Why under the sun don't you look at those that are good? Why don't you follow them up and see why they are good? Why don't you find out why that man is able to pay his bills and take every cent of his discount and then tell the man that is falling down how the other man is doing?"

In our state is the little town of Exeter. In twenty-five years there has not been a failure in that town. There are men in business in that town that have been in business there for forty-three, thirty-eight, thirty-seven, thirty-three, thirty, and twenty-eight years, every one of them in that same town, and they are all comfortably fixed today. They own their own homes and their big seven-passenger cars, and they own their farms. Not a failure in twenty-five years! In our little town of Fairbury—well, there have been eight in about seven years. Something is wrong. Why don't you men find out what the secret of Exeter's success is and help us install it in our business, so that we can equal the record of a town of only one-third our size? (Applause.)

My suggestion to the credit man is, get out of that glass office. Get out on the road. Meet the men, shake hands with them, know their condition. Don't let any wasted effort come into their business. Get out and know this man, and when he says, "I can't pay

my bill right now because crops have failed for three years in my community," help him out, and don't just simply write him a letter.

My time is drawing to a close fast. I want to present just one other thing. Country merchants are men of all ages, young men and old. Credit men are men of all ages. A credit man of fifty-five years can write a letter to a man of equal age or to a young man, and say things and get away with them, that a man of thirty-five would have to have a galvanized iron cubby-hole to crawl into to keep a man of fifty-five away from him, to whom he wrote the letter, when he got on his trail. You can say things like that if you are an old man, but the young man who undertakes to write such a letter to a man old enough to be his father ought to take that into consideration and he ought to know the age of the other man when he writes the letter.

You are financial advisors. Help us as to accounting, in figuring our profits. Help us merchants develop some system of satisfactory collections. Devise blanks for us so that we can make a satisfactory showing when we want to borrow money from our banks. There is hardly a country merchant in the country that knows how to make a statement to a bank so that he will get all the money he is entitled to.

As a country merchant, for the merchants of Nebraska and the United States, I appeal to you as the National Association of Credit Men, to assist us in improving our business methods so that the ninety-one per cent of failures can be made ninety-one per cent successes, and so you can get your money with all cash discounts taken off at once rather than having to wait and take your share after the sheriff closes our doors. (Applause).

PRESIDENT JOYCE—The next order of business is the report of the Business Meetings Committee. In the absence of the chairman, Ziegler Sargent of New Haven, Secretary Tregoe will read the report.

SECRETARY TREGOE—You have the printed copies of the report, and in behalf of the chairman, I move its adoption, together with the resolutions.

Report of Committee on Business Meetings

To the Officers and Directors of the National Association of Credit Men:

Your special Committee on Business Meetings can say briefly here that the suggestions it has made from time to time have received careful consideration by local associations, yet the influence of the committee in the department of business meetings is in the formative period. Through its several units, the committee endeavored to assemble information as to the character of business meetings, the interest they were attracting and suggestions for their improvement. This clearance has not worked with great success, but when it becomes understood throughout the organization that

this important feature is receiving the careful study of a special committee and that the committee is expected to assist with ideas and to increase the interest and effect of business meetings, there will come about more coordination and a wider response than attended the effort of your present committee.

There were suggested for the first months of the current year subjects for business meetings, the hope being that they be uniform throughout the entire organization. This idea met with but partial response for many of the local associations had arranged for subjects far in advance and were unable to adopt the subjects recommended by your committee; others had policies which operated against the acceptance of the committee's suggestions. While but partially successful in its purposes, yet it is the conviction of your committee that the result aimed at is desirable and should be promoted by succeeding committees. If important and vital subjects relating to business and credits were considered uniformly throughout the entire organization, much of a helpful and concrete character would result.

It was discovered through the studies of the committee that credit and business subjects were generally more attractive for business meetings than subjects not related to business and credits and that wherever provision was made at business meetings for a general discussion of credit subjects interest ran high and the meetings were successful if discussion were properly controlled. We are led to believe that business meetings of the year were more largely attended on the average than the meetings of the previous year; that a larger number of credit workers recognized the benefits of meeting other credit workers for a consideration of subjects of common interest.

This convention should recognize that some advance has been made with the business meetings plan though the difficulty has had to be faced that there has been a trend in our social affairs toward over-organizing with luncheon and meeting periods taxing the best abilities of the community. The department of business meetings is important and by no means should it be neglected for despite the fact that we cannot show large results our convictions are strong that succeeding committees should coordinate ideas throughout the organization of this department and have it become a vital part of the Association's work.

In conclusion your committee begs to offer the following resolutions:

I

"Resolved, By the National Association of Credit Men in convention assembled that recognition is given to the value of business meetings wherein subjects of strong credit and business interest are considered, and that local associations should devote careful study to this department and direct their best efforts to the arranging of meetings which will attract a maximum of attendance and give a maximum of benefits."

II

"Resolved, That it is advisable to continue the Special Committee on Business Meetings and that the incoming committee be requested to assist local associations in arranging business meetings with plans and topics for meetings, and also consider and recommend to the officers and directors of the National Association plans whereby this department may be one of the chief instruments within the Association's powers for education and service."

Respectfully submitted,

ZIEGLER SARGENT, Chairman, New Haven; J. C. FRISCHKORN, New Haven; F. G. NEWTON, New Haven; FRED DICKMANN, Vice-Chairman, Evansville; A. M. BARTHEL, Evansville; W. MILLER, Evansville; C. E. DOWLING, Vice-Chairman, Portsmouth; H. S. IVIE, Huntington; Wm. J. HARVIE, Huntington; H. B. OTTIS, Vice-Chairman, Oshkosh; F. R. FRENTZ, Oshkosh; H. B. JACKMAN, Oshkosh; S. B. BURCH, Vice-Chairman, Roanoke; S. H. COLEMAN, Roanoke; W. B. CLEMER, Roanoke; C. J. PELLOT, Vice-Chairman, Saginaw; W. H. ENNIS, Saginaw; GEO. A. BALIEUR, Bay City.

The motion was seconded by T. J. Bartlette of New Orleans and carried without discussion.

SECRETARY TREGOE—In behalf of the Nominating Committee, I beg to offer the following names as candidates for national directors:

P. B. BETHEL, Louisville;
 W. M. BONHAM, Knoxville;
 CHAS. R. CLAPP, Toledo;
 H. C. CORNELIUS, Grand Rapids;
 W. B. CROSS, Duluth;
 F. G. KING, Youngstown;
 W. F. H. KOELSCH, New York;
 G. L. LEVI, Philadelphia
 A. E. MATTHEWS, Denver;
 J. D. MEEK, Indianapolis;
 J. E. O'NEILL, Oklahoma City;
 J. E. PORTER, Pittsburgh;
 V. ROBERTSON, St. Paul;
 E. F. SHEFFEY, Lynchburg, Va.;
 H. R. SLADE, Providence;
 C. H. SPECK, Peoria;
 WILLIAM TONKS, Cleveland;
 E. M. UNDERWOOD, Portland;
 C. E. VANDEL, Kansas City;
 M. WEIL, Lincoln;
 C. A. McCORMICK, New Brunswick, N. J.
 (Individual member)
 FRANK H. RANDEL, Ardmore, Pa.
 (Individual member)
 Adjournment.

Fourth Day, Friday, June 22, 1917, Afternoon Session

PRESIDENT JOYCE—We will start our afternoon session with the report for which you have all been waiting. Right and wrong apply not to individuals, but to their acts, and all the world agrees that a man does right when he puts forth the best that is in him. Therein lies the distinction between intention and execution.

"It isn't the job we intended to do
Or the labor we've just begun
That puts us right on the ledger sheet;
It's the work we have really done.
Our credit is built upon things we do,
Our debit on things we shirk.
The man who totals the biggest plus
Is the man who completes his work."

These lines, my friends, I think apply most aptly to the man who has had the chairmanship of our Membership Committee, and it is a proud privilege to present to this convention, J. D. Meek of Indianapolis. (Applause)

Mr. Meek reads the report of the Membership Committee as follows:

Report of Membership Committee

To the Officers and Members of the National Association of Credit Men:

Your Committee on Membership is privileged to offer a most interesting and significant report.

We commend to this convention and to the entire membership a careful study of the membership record as of June 1st, 1917, appended to this report.

Entering upon its work with a recognition that system and persistence were necessary to the working out of a successful year in membership, it is gratifying to your chairman to say that each unit of the committee responded enthusiastically, and at no period of the year has there been any appreciable diminution of energy and effort.

When an organization reaches the numerical proportions which has now been reached by the National Association of Credit Men, making it as a unit the largest commercial organization of the nation and possibly in the world, problems must be anticipated and confronted in the membership department in greater degree than would arise when the association was small.

While the net increase for the year did not reach the figure set for it by your committee, yet the officers and directors of the National Association in their annual meeting signified that a net increase of twelve hundred would be a reasonable minimum for the committee to fix as a goal, and if reached would be regarded with great satisfaction by the entire membership.

Your committee is therefore happy to report that for the year

there was obtained a net increase of 1357 and that the total membership of the National Association on June 1st, 1917, was 22,137.

Following a plan of assigning to each local association a minimum and maximum increase for the year, and reporting at brief intervals in tabulated form how nearly the associations were reaching these limits and how many had passed them, your committee believes it is fitting now to present the names of the associations in the form of an Honor List, first of those that reached the maximum. They are:

Bristol, Clarksburg, Dayton, Des Moines, Evansville, Indianapolis, Greenville, Lehigh Valley, Newark, Providence, Savannah, Milwaukee, South Bend, Spokane, Washington, Waterloo, Selma—a total of seventeen, and second, those reaching the minimum, namely:

Chattanooga, Chicago, Cincinnati, Dallas, Davenport, Boise, Fargo, Fort Smith, Fort Worth, Huntington, Cleveland, Kansas City, Richmond, Sioux City, New Orleans, New Haven, Oklahoma City, Toledo, Salt Lake City—a total of nineteen.

As a committee we claim the distinction of presenting the largest number of local associations attaining a place on the Honor List, and this is significant of the general interest and support given to your committee throughout the entire organization.

We feel it is but fitting and proper to mention two associations that almost reached the Honor List, and did most commendable membership work. They are Houston and Albany.

In contradistinction to these lists, the membership record shows that forty local associations made a net loss during the year. Some of the losses were small, while others were far too large.

Six of the local associations did not obtain a single new member throughout the year, and your committee has wondered why they did not join in the work and put in operation active membership committees.

We are glad to welcome into the Organization eight new associations at Fort Wayne, Indiana; Kalamazoo, Michigan; Lansing, Michigan; Macon, Georgia; Munice, Indiana; Reading, Pennsylvania; Rockford, Illinois and Waco, Texas. These associations were mainly organized upon the basis of the individual memberships formerly held at these points. The transfer of the individual memberships to the affiliated memberships will explain in the largest way the net decrease in individual members as shown on the final record.

Credit must be given to the field representatives for organizing a larger number of local associations during the year than it has been the privilege of the National Association to welcome at any of its recent conventions.

Acting upon authority given by former conventions, and in accord with the policies fixed by the officers and directors in annual meeting, also of your committee, the field representatives, B. C. McQuesten and E. B. Moran, devoted a large portion of the year to the upbuilding of local memberships and the organizing of new associations. What was accomplished by their cooperative efforts

demonstrated the wisdom of having these representatives devote sufficient time to local points where specialized work was needed, and concentrating at other points tendencies toward organization.

The resignation of E. B. Moran on May first was a matter of regret to your committee as it is to the entire association, for during his brief period of service he demonstrated a peculiar ability for



J. D. MEEK
Indianapolis Electric Supply Co., Indianapolis, Ind.
Director and Chairman Membership Committee

organization work and was most conscientious in all of his work.

Your committee desires to thank the field representatives for their intelligent and persistent activity, and for their thorough co-operation with the plans and policies of the committee.

Resignations will require hereafter the critical study of committees on membership, for the net increase to be attained in future years should result just as largely from the holding of present members as the adding of new.

It will be observed in the final membership report that the

resignations were 2336, about eleven per cent of the total membership as of June 1, 1916. It should be possible to decrease substantially this proportion of annual membership losses by resignations, though there must be always taken into consideration the inevitable losses resulting from failures, combinations, retirements from business, etc.

Your committee has no special plan or procedure to suggest for the incoming committee in order that resignations may be kept within proper control, but it would seem that each local association should be asked through its membership committee to study this feature carefully and exercise every influence and power it possesses for the holding of its desirable members. Intensive work will be the order of future days in this department.

Under a proper official at the National office who can give sufficient time to a study of the subject, under the able and diligent direction of Committees on Membership, with the co-operation of intelligent and able field representatives, there should be obtained each year a reasonable increase, and it would be safe to adopt at this convention a slogan of "Twenty-five thousand at our twenty-fifth convention."

Your committee would find great pleasure in entering upon a further analysis of the final membership report and presenting some other of its significant features in detail, but it would appear that the facts and suggestions already advanced will give sufficient material for the consideration of this committee and the membership of the entire organization when the activities of the new year begin. Suffice it to say that a little done by each organization, but done intelligently and persistently, will contribute to a fair total for each year and bring the organization into stronger consolidation for its important work.

Concluding this report with an expression of sincere thanks to everyone who contributed even a little to the membership results of the year, especially to the local officials and committees who did such splendid work, and in fact joining in this expression even those who tried and yet did not succeed, your committee begs to offer the following resolutions:

I

"Resolved, By the National Association of Credit Men in convention assembled, that sincere thanks be tendered the local associations appearing on the Honor List in this report; to all local associations which contributed even a little to the splendid report of the year; to the field representatives, and to the assistant in the National office in charge of the membership department for the rounding out of a successful year in membership work, and especially for obtaining a class of members which almost uniformly conformed to the ideas and standards of the National Association.

II

"Resolved, By the National Association of Credit Men that

it is most desirable that the standards of membership of local Associations of Credit Men and the National Association of Credit Men should agree, and it is recommended to the officers and directors of the National Association when in annual meeting that they consider the amending of the Constitution and By-Laws of the National Association so that uniformity may be brought about.

III

"Resolved, That the incoming Committee on Membership give most careful study to the stoppage of avoidable resignations, conferring for the purpose with local committees or local officials, so that there may be concentrated thought upon this subject and some well developed plan of decreasing membership losses by avoidable resignations.

IV

"Resolved, That this convention endorses warmly the character of work done by the field representatives during the year, desires to thank them for organizing such a large number of local associations, and recommends that in the coming year this character of work be continued and conducted along the most intelligent and intensive lines."

V

"Resolved, That it is desirable to have the membership department of the national office so arranged and controlled that the assistant in charge will be able to devote sufficient time to the overseeing of the work, the directing of the representatives, and to co-operate effectively with the Committee on Membership.

VI

"Resolved, That the greetings of this convention be extended to the associations organized during the year, with the hope added that they will become strong units of the national work, and take a proper and complete part in all of its important departments.

VII

"Resolved, By the National Association of Credit Men in convention assembled that very sincere endorsement be given the plan of tabulating monthly or in brief periods what has been accomplished in the membership of local associations, and that the continuation of this plan be recommended to the incoming committee."

Respectfully submitted,

J. D. MEEK, Chairman, Indianapolis, Ind.; W. G. ANGLIM, Vice-Chairman, St. Paul, Minn.; F. M. COUCH, Vice-Chairman, Los Angeles, Cal.; C. F. HOOD, Vice-Chairman, Chattanooga, Tenn.; L. B. McCAUSLAND, Vice-Chairman, Wichita, Kansas; EDWARD P. TUTTLE, Vice-Chairman, Boston, Mass.

MEMBERSHIP BY LOCAL ASSOCIATIONS

	6/1/16	Added	Resigned	6/1/17.
Albany, N. Y.	46	8		54
Atlanta, Ga.	196	19	19	196
Augusta, Ga.	40	6	10	36
Austin, Tex.	24			24
Baltimore, Md.	564	80	50	594
Billings, Mont.	18			18
Birmingham, Ala.	85		1	84
Bluefield-Graham, W. Va.	31	3		34
Boise, Idaho	31	7	1	37
Boston, Mass.	693	58	64	687
Bridgeport, Conn.	45	6	5	46
Bristol, Va.-Tenn.	48	20		58
Buffalo, N. Y.	401	37	37	401
Burlington, Vt.	54	1	9	46
Butte, Mont.	38			38
Cedar Rapids, Ia.	47	2	4	45
Charleston, W. Va.	237		84	153
Chattanooga, Tenn.	94	21	7	108
Chicago, Ill.	1403	437	125	1715
Cincinnati, O.	405	96	43	458
Clarksburg, W. Va.	62	16		78
Cleveland, O.	709	141	51	799
Columbus, O.	182	13	44	151
Columbia, S. C.	27		10	17
Dallas, Tex.	138	43	11	170
Davenport, Iowa	41	14	6	49
Dayton, Ohio	50	48	8	90
Decatur, Ill.	27			27
Denver, Colo.	145	15	19	141
Des Moines, Ia.	109	38	8	139
Detroit, Mich.	475	92	76	491
Duluth, Minn.	72	6	1	77
El Paso, Tex.	45		10	36
Evansville, Ind.	75	20	1	94
Fargo, N. D.	44	5	4	45
Fond du Lac, Wis.	35			36
Fort Smith, Ark.	15	8		23
Fort Wayne, Ind.		31		31
Fort Worth, Tex.	65	40	25	80
Grand Forks, N. D.	36	4	2	38
Grand Rapids, Mich.	262	16	13	265
Green Bay, Wis.	105	10	12	103
Greenville, S. C.	24	7		31
Hartford, Conn.	102		4	98
Houston, Tex.	38	16	10	44
Huntington, W. Va.	200	31	5	286
Indianapolis, Ind.	212	74	21	265
Jacksonville, Fla.	106	8	28	86
Johnson City, Tenn.	18		18	
Kalamazoo, Mich.		54		54
Kansas City, Mo.	416	163	77	502
Knoxville, Tenn.	78	10	13	75
Lansing, Mich.		31		31
Lehigh Valley Assn.	38	24		62
Lexington, Ky.	42	2	2	42
Lincoln, Nebr.	70	7	18	59
Little Rock, Ark.	23		1	22
Los Angeles, Cal.	444	112	102	454
Louisville, Ky.	208	19	20	207
Lynchburg, Va.	41		2	39
Macon, Ga.		31		31



MEMBERSHIP

801

Memphis, Tenn.	254		54	200
Milwaukee, Wis.	461	175	59	577
Minneapolis, Minn.	346	49	25	370
Montgomery, Ala.	35		1	34
Muncie, Ind.		31		31
Nashville, Tenn.	128	10	21	117
Newark, N. J.	327	114	27	414
New Castle, Pa.	23	1		24
New Haven, Conn.	98	9	2	105
New Orleans, La.	339	52	13	378
New York, N. Y.	1573	213	127	1659
Norfolk, Va.	187	10		197
Northern Montana Assn.	20	1		21
Oklahoma City, Okla.	85	31	15	101
Omaha, Nebr.	113	8	44	77
Oshkosh, Wis.	53	10	5	58
Paducah, Ky.	20			20
Parkersburg, W. Va.	37		6	31
Peoria, Ill.	82	3	7	78
Philadelphia, Pa.	890	91	103	878
Pittsburgh, Pa.	808	104	110	802
Portland, Ore.	226	39	40	225
Providence, R. I.	140	60	14	185
Pueblo, Colo.	16	6	6	16
Quincy, Ill.	45		2	43
Reading, Pa.		28		28
Richmond, Va.	154	42	19	177
Roanoke, Va.	40	2	4	38
Rochester, N. Y.	285	11	9	287
Rockford, Ill.		48		48
Saginaw-Bay City, Mich.	62	5		67
St. Joseph, Mo.	94	5	5	94
St. Louis, Mo.	732	68	92	708
St. Paul, Minn.	321	34	27	328
Salt Lake City, Utah.	121	4		125
San Antonio, Tex.	52			52
San Diego, Cal.	32	2	6	28
San Francisco, Cal.	237	61	23	275
Savannah, Ga.	51	22	7	66
Seattle, Wash.	311	7	1	317
Selma, Ala.	20	8		28
Sioux City, Iowa	88	12		100
Sioux Falls, S. D.	33	1	11	23
South Bend, Ind.	27	47	2	72
Spokane, Wash.	83	37	13	107
Springfield, Ill.	40	3	6	37
Springfield, Mass.	56	6	3	59
Syracuse, N. Y.	85	7	7	85
Tacoma, Wash.	89	8	11	86
Tampa, Fla.	33		3	30
Toledo, O.	184	71	26	229
Utica, N. Y.	108	7	2	113
Waco, Tex.		45		45
Washington, D. C.	70	23		93
Waterloo, Iowa.	25	24	6	43
Wheeling, W. Va.	100		1	99
Wichita, Kans.	116	14	8	122
Wilkes-Barre, Pa.	41	2	2	41
Wilmington, N. C.	34		14	20
Worcester, Mass.	81	4	8	77
Youngstown, O.	142	10	16	136
Individual	1246	58	242	1062
	20780	3693	2336	22137

Scale Showing the Growth of the Association

(Figures are given at the time of annual conventions.)

1896		600
1897		1,591
1898		2,332
1899		2,539
1900		3,006
1901		3,572
1902		4,004
1903		4,554
1904		5,327
1905		6,061
1906		7,500
1907		8,647
1908		9,791
1909		11,185
1910		12,796
1911		14,424
1912		15,845
1913		17,145
1914		18,497
1915		19,284
1916		20,780
1917		22,137

J. D. MEEK, Chairman, Indianapolis, Ind.;
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 L. B. McCAUSLAND, Vice-Chairman, Wichita, Kansas;
 EDWARD P. TUTTLE, Vice-Chairman, Boston, Mass.

Mr. Meek moved the adoption of the report and resolutions.
 W. A. STARR, Toledo—I take great pleasure in seconding Mr. Meek's motion for the adoption of these resolutions, but I would like to add one amendment, if it so please this convention.

"Resolved, that the chairman of Membership Committee of all local associations of each state or small group of states, hold meetings during the month of October, 1917, at a central point for the exchange of ideas on securing new members and advancing methods to prevent resignations; that the chairman or members of the Membership Committee of national association be asked to attend these meetings, and the field representative covering the district be present, if possible, at these meetings in order that an extensive campaign may be inaugurated in the early part of this fall."

PRESIDENT JOYCE—What is your pleasure as to the resolution offered by Mr. Starr? Are you ready for the question on the resolutions?

The resolutions were adopted.

PRESIDENT JOYCE—We will now call on Mr. Mann of Minneapolis.

C. E. MANN—Those of you who were at Pittsburgh remember that there was a cup presented by the Minneapolis association to the Huntington association, for making the best gain in membership during the year. This year the Huntington association has requested that a committee of award for another cup be appointed, and to present a new cup to that association which makes the best gain during the year just ended.

The biggest member and the chairman of the committee as award has taken to the woods. The smallest member of the committee is in retirement, surrounded by his entire delegation. May I announce that the Minneapolis delegation numbers twenty-three? Among them is Mike Kelly, and may I ask Mr. Kelly to rise? (Mr. Kelly rises.)

I will not proceed with the award. Your committee, Mr. President, in making this award considered four points: the status of the association a year ago, the membership of the association today, the gain and loss during the year, and the method of the campaign. After considering these points from all sides, we decided to award the cup to the association from that city containing a goodly number of aggressive men, a number of first-class thoroughfares, a number of nicely arranged parks, several strong banks, and no hills. We have decided, as I say, after careful thought, to award this cup to the association at Chicago. (Applause)

Will Mr. Kane come to the platform? (Mr. Kane comes forward.) My young friend, in presenting this, we award this cup with very great pleasure and we trust that it, coupled with your enthusiasm, will enable you to go out and win another four hundred members.

R. J. KANE—You will pardon me and I hope you won't misunderstand me when I say that I am almost too full for utterance. There is only one thing yet to happen this afternoon at this convention, when Chicago's cup of happiness will be filled.

Last year at Pittsburgh we thought we had made a wonderful record. We went down to the convention city, and you will pardon us if we were disappointed, but we went back home feeling that we were not the only association and with a new resolve that we would come back this year and show you something new. We made a gain of fifty per cent faster than last year.

Mr. Tregoe jollied me this morning and told me that the membership trophy had gone to some other association, and I said, with Harry Moore, "Goodby, God, I'm going back to Chicago." He told me, too, that he advised me about two months ago to have a speech of acceptance ready, and I told him that I had had it ready for two years, and now I can't think of a word of it.

I am going to tell a story just to get even with the secretary. It isn't a good story and it isn't a new story, but I want to tell it. I hope you will be patient with me, for it is as hard for me to tell it as it will be for you to listen.

It seems that out around Wi-cheat-a, Kansas, there were ten little kewpies sitting around the country store and they were all telling stories. One was sitting on a sack of potatoes, another on a box of soap, and so on, and one was actually sitting on a cake of ice. The one on the sack of potatoes told a story of love and adventure, the one on the box of soap told one of war and conquest, and so on, until they came to the one on the cake of ice, and this one said, "You must excuse me, for my tail is cold." (Laughter)

I don't know what Chicago will do as regards the trophy for next year. I was in hopes that something could be up and may still be put up, so that Chicago may say to you all in a friendly way, "We defy you to take this from us." We are going back to Chicago and we are going to get more members next year than we did this last year. Our next president, Mr. Merrick, tells us that we are going to—well, I won't say how many, but we are going to the next convention with even a greater gain than we have this year.

We have had a wonderful year in Chicago. Our adjustment bureau, with its automatic bankruptcy service, our credit education committee, credit interchange, commercial arbitration—everything has helped in our membership work. I have often said in directors' meetings what I thought to be a humorous suggestion, that all these committee reports were important only so far as they helped the membership committee, and in a way, that is true.

Our legislative committee, particularly, was a wonderful help to us. Our secretary was always ready, always smilingly willing to do everything in his power. Our president was with us at every meeting. I think that out of about fifty meetings last year, Mr. Roberts was absent only once.

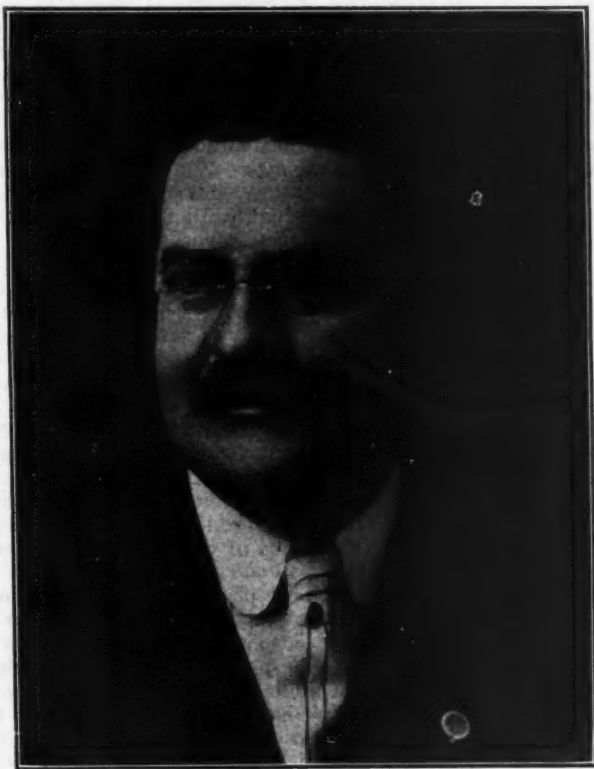
In the name of the membership committee of Chicago, I am going to tender to President Roberts and Secretary Dickerson, to hand down to posterity, the cup that you now see before you. We will be back next year. (Applause)

PRESIDENT JOYCE—We came from the north and the south and the east and the far west to your great city of the prairie, and we have learned since coming here that your hospitality is as limitless as your skies, that your welcome is as warm as your city is beautiful, and that your greatest wealth lies not in your vast granaries or in your immense stockyards or in your multiplicity of railroads, but that the wealth of Kansas City lies in the hearts of your people. They have already given us of their best and now, as a crowning glory, they have brought this afternoon to share with us the riches of mind and heart, their honored citizen, John H. Atwood, who will now address us. (Applause)

Address of John H. Atwood, Kansas City, Mo.

If indeed the material wealth of Kansas City and the magnitude of her hospitality were to be measured by that display of intellectual might—have I got the right word?—intellectual wealth that is about to spread its meagre wares before you now, then would

Kansas City be poor Kansas City. But fortunately, fortunately indeed, it is by antithesis that things are proclaimed to be as they should be, and it is by presentation to you of one who is indeed the humblest of her citizens, whose power to hold you can be no more than to tell you those things that you yourself do know, and which each of you, of course, could more perfectly express than can be conveyed by any marshalling of sentences that it is mine to control, consequently, there is some propriety in having the contrast pro-



A. E. MATTHEWS
Colorado Fuel and Iron Co., Denver, Colo.
Director

claimed by having her greatness presented by her smallness in her speaker this afternoon.

Here is the thought: I asked Mr. Ellendorf, when he came to ask me to talk to you, what place a man circumstanced as I was, and always have been, should have to do with men whose business it was to deal with credits, one whose financial environs has com-

pelled him always to be a cash customer. Why, I have all my life been a sort of fiscal vacuum, and when they undertake to tell me that nature abhors the vacuum, I say to you that I am a noble manifestation of the exception to the rule.

Now, if chilled extremities excite your admiration, as was suggested by the anecdote of my good friend who just preceded me, I will tell you right now that I have colder feet than can be properly compared to any portion of chilled anatomy that might be lodged within your knowledge of physiology. I have cold feet. I know when I am in the presence of my superiors. I don't know much, but I know my betters, and it is with hesitancy and trembling and with a halting of utterance that already has proclaimed itself to your superior understanding that I attempt to say anything that should occupy your time this afternoon; particularly, when my voice is jarring upon the delightful musical strains to which this air has pulsed within the last few minutes. Why, the idea of just a man who can't do anything but talk, interrupting these martial strains that emanate from Cook County, Illinois, or those delightfully sentimental strains that suggest to us that there is a state called Indiana and a river known as the Wabash.

And yet, my friends, it doesn't need a man that has much to do with credits, except to be the ready sort, it doesn't need one who is indeed a master of all the intricacies of accounting, the science of bookkeeping, the science, if you please, of the determination of credits to find something that might, with no impropriety, be uttered in this presence in such an hour and in such a year.

I see that I am directed to talk about "War Credits." Now, of course you know it is a canon of all public speakers that no man is expected to speak to the subject that is set against his name, consequently, I shall not talk of war credits except as they affect the larger and the more vital things which are incident to you, because they are incident to the nation of which you are component parts.

The important part that you are playing today is not to make your employers richer, it is not to make the corporations that you represent, more prosperous. It is not that the balances on the favorable side of the ledger of the partnerships that may employ you shall be huger, except as those prospects, those prosperities, those manifestations of profit, are indicative of the prosperity that, more than in any hour of the nation's history, more than in any hour of the world's history, is needed for the salvation of the world.

Remember, armies are the hands and arms of a nation, but those hands and arms are powerless unless the body to which they are attached is indeed virile and strong; and the armies that you send forth in the name of democracy, in the name of human freedom, in the name of humanity, must have behind them, my friends, a strong, a virile, a powerful body commercial, body economic, body politic, in order that there shall be in those arms that strength and that power which they must have to go to the mat with the most gigantic military power that the world has ever known.

The thing that troubles me, my friends, is the fact that so many of us fail to understand the actualities of the situation inter-

national that now obtains. It is so hard for the average of us to recognize the way people think who are apart from us, who have for generations thought differently from us, whose mentalities move along different paths, along different lines, and the result is, we hear men saying, "The war will be over in two or three months. The war can't last with the might of all the Allies arrayed against the might of the Central Empires. It can't be that the German people are going to adhere to their Kaiser when we adherents of democracy recognize the beauties and the manifest splendors of the republican form of government," and when they say that, my children, it is because they have failed to study the German mind, the German purpose as a German national purpose.

I say again, too many of us fail to recognize that which we do not see about us. Why, it is all more or less as the homely tale runs of the farmer who saw the giraffe, and it was so at variance with all his knowledge of zoology that he said, "There ain't no such animal." Because our enemies across the water think differently from the way we think, do not forget that a different way of thinking exists.

We today can hardly understand how in the days of the Cromwellian republic or dictatorship, when the overthrow of kingship in England transpired, we can hardly believe the tales the historian tells us of how the great leaders of the great families, the Howards and the Montagus and the rest, gave up home and wealth, their magnificent estates, all their possessions down even to the family plate, in behalf of what we now know and what they must have known, to have been the cause of a bad king who was a bad man, and yet, my friends, we know that they did. They sought poverty and exile in order to be true to him they were pleased to call "My Royal Master." You can't, unless you stop and think, understand that people thought that way, but they did; they did. The fact is indubitable and undeniable.

So don't fail to understand that the German mass, under the domination of the Kaiser, think differently from the way we think. They understand, or they think they understand, the might of concentration and its wonderful possibilities. Let me put it to you this way. The Roman Church will indeed, as Macauley said, endure and be a great religious entity in the days when the traveler from Tasmania shall take his seat upon the broken arch of London Bridge to sketch the ruins of St. Paul. Why? Because the lessons of Mother Church are laid in the minds of youth, and believe me, marshal your own understanding and recollection to substantiate me, for they will if you do but marshal them. Know this, that that which is laid in the mind of youth, never is eradicated.

Now, the application of this seemingly far-fetched parable—The Kaiser has wrought wonders when he wrought this wonderful military machine of his, but more wise was he when he took a leaf from the Church of Rome and for forty years had instilled into the minds of the Prussian, aye, and of all German youth, devotion to the fatherland, devotion to the Kaiser; that Germany was destined to be the world dominator, the greatness of military greatness, that the one strength was the strength of might, that might

made right, that the one man who was destined to be the superman was the German man.

That lesson, instilled into the mind of the German youth, in the days when it is indeed the mind of youth, today is bearing forth its fruit in the belief that the Germans still have in the ultimate destiny that is theirs, to conquer the world. That is what makes them dangerous. Bear in mind this truth that the only peoples who have wrought great things in history have been those who believed in something. It did not seem to matter what it was they believed in, if they only did indeed believe in it.

It was the belief that Allah was indeed Allah, and Mohammed was in very deed his prophet, that welded the bedlam tribes of the desert into the thunderbolt that rolled a tide of conquest from the Bosphorus to the Pyrenees. They believed and they found as they believed.

The thing that made Napoleon's wondrous deeds possible was the fact that his soldiers believed in him. They believed in Napoleon, in his destiny, in his star. They indeed believed that the Little Corporal was something more than mere man, and that is the reason that, with the Old Guard at his back the Corsican was enabled to thunder with the mailed first of the conqueror at the gates of every capital from Madrid to Moscow. They believed in something, and that something was Napoleon.

The wonders wrought by the soldiery of the French Republic, antedating the hour of which I have just spoken, was the belief in the ultimate destiny that liberty should indeed rule the world; and the deeds wrought by the soldiery of that raw republic were because they believed in something, and that something was their conception of liberty.

The Ironsides of Cromwell rolled back Prince Rupert and his dark cavaliers at Worcester, at Naseby and at Marston Moor, because they knew—at least, they thought they knew, that God was guiding them. They believed in something, and that something was the religion that was theirs.

Come to grasp this, my friends, and you will understand the enormous danger that is incident to the liberty of the world. When you come to grasp and understand the truth that these Germans do adhere to their ruler, they have that faith in him and devotion that the cavaliers gave to Charles, that the soldiery of the Corsican gave to Napoleon, that the Mohammedans gave to him who wrought that great religion first—and when you come to understand that, you will recognize the fact that it is no child's play that we have got upon our hands.

Another thing you say, and I hear it said—I venture to say it has been said twenty times from one to another in this conference when the war was discussed—"I really do not believe those Germans have done the awful things that have been with mathematical nicety charged against them. Why, we couldn't do it," and you say that because you believe it, you wouldn't do it.

But how many cruel, how many devilish things have been done by men who did not think themselves to be wicked when they did them? Do not imagine that when the Catholic burned the Prot-

estant and the Protestant burned the Catholic in the furor of the religious wars of one hundred fifty years ago, they were essentially wicked men. They argued, "Better to destroy the man's body if we save his soul," really believing that they were doing God's service when they did these devilish deeds.

So remember that the lessons of von Treitschke, the lessons of Nietzsche, have been taught to the masses of the German people, and those doctrines are, in a word, "It is the right of the strong to rule." "Why," said von Treitschke, "meek in spirit means weak in spirit. Those who are entitled to dominate the world are those who are strong in brain and brawn, and of all the world's nations that are strong in brain and brawn, the greatest are the Germans."

Bear in mind that is what they think. Bear in mind this, too, that democracy, that boon to mankind, that opportunity of the average man, that thing that makes possible consideration for the lowly, with all its magnificence for humanity, when arrayed against an autocracy is always at a disadvantage. Better one bad general than ten good ones, when something is deemed necessary to be done by the autocrat. He says, "Do it," and it is done. When we democracies, be we of France or England or America, want something done, we have to stop and debate about it.

Now, who really believes that something should not be done toward food control in the nation? Something—and yet while this overwhelming necessity is pressing upon us, we have echoing from beneath the dome of the capitol, words, words, words, and yet again, words. When there is something that should be done in the way of marshalling the material resources of the country to overcome that slate-colored shark of the sea called the U-boat, when it is to be determined whether it shall be steel or wood, instead of somebody being able to say, "Steel or wood: Do it,"; again we hear the echo of words, words, words, and yet again, words.

And remember this one of the paradoxes of history is that democracy can only successfully make war with autocracy when out of the democracy is selected one who shall have autocratic power. Why, you talk of Rome as the ideal ancient republic. Remember that in the hour of peril, consuls were forgotten, tribunes set aside, and a dictator dominated the resources of the whole republic.

And so I say, though it is true that when you select one and place him in absolute control, as you must, there is a chance for a mistake, but infinitely better, my friends, is a mistake that accomplishes something than endless debate that accomplishes nothing.

Remember, too, that when the hour for war has struck, when the banner that is indeed rightly named Old Glory, is flung to the breeze, when the snarl of the war drum is heard, blending with the blast of the bugle, then the President of the United States is lost in the Commander-in-Chief of the army and navy of the republic. Don't forget that. The army and navy are his to control, and let no man deceive himself with the thought that when war is upon us, headway can be made by anybody against the Commander-in-Chief of the army and navy of the Union.

We must have united action; otherwise, we shall fribble and

piddle away the chances, the opportunities, on which not alone hang the destinies of free government, but as well, the destinies of the Christian religion. Remember this, that in all the world, the one place where the Christian doctrine is in some measure taught in actual deeds is in America. It is the only place where there is completely recognized that brotherhood of man that proclaims the Fatherhood of God.

Republics have come and gone, those that rose by the Aegean Sea and those that rose farther west upon the shores of the Mediterranean; republics without number, from Venice down, sprung up in the Italian Peninsula in the Middle Ages, but never, until God kissed into being the Republic of the United States, was there a land where there was neither king nor kaiser, nor duke nor marquis nor count nor earl—no patent of nobility save that which springs from being the best citizen. That is the only patent, and so I say, being the only spot on God's footstool where it is recognized that you owe me something because I am your fellowman, and that I owe you something for no reason on earth except that you are my fellow man; where at least in theory, and more perfectly in practice than anywhere in the world known to history, men are indeed equal before the law—and so am I not well within the demarcation lines of verity when I say that not only is democracy and free government at stake, but as well, the only practical application of the doctrine taught by the Galilean waters and upon the Judean mountainside, and in the scaling and fulfillment of which the Divine Master hung upon the felon's tree, upon Golgotha's awful hill, and by that death of the God-man or the Man-god, transformed that symbol of felony, the cross, into a symbol of salvation.

So I say, a duty rests upon each and all of us, as citizens of this greatest of republics, as citizens of that portion of the world where human liberty is recognized as a political possibility, for each and every one to do his bit. Let your performances in connection with your various business transactions be all to the end that the economic conditions of this nation, that the commercial aspects of it, must be stronger and more perfect in its organization than ever it has been in all its history.

Napoleon did wonderful things, but do you suppose he could have marched forth his troops to Austerlitz, to Wagram, but for the fact that with a skill civic as great as his skill military, he kept behind him economic conditions in France that proclaimed in themselves and by their supply of aid to his armies, a perfect economic condition? So we must do this thing.

Another thing in that connection: Don't make the mistake of talking too much economy. It is all right to talk economy in its strictest and most literal sense in England, where there is not enough of all things to be had. If one need to give up and must, either luxuries or necessities, then of course, give up the luxuries. If the bottoms that bear goods of all kind to the United Kingdom are insufficient to bring both luxuries and necessities, certainly disregard the luxuries and see that the bottoms are laden with necessities. But here it is different. Here there is enough of each.

Will you create prosperity by closing the shops, the manu-

factories and the stores, where are dispensed, at the hands of thousands and hundreds of thousands of busy employes, by which they earn their livelihood, those things that some proclaim to be luxuries? Cigars and tobacco are generally considered to be luxuries. I know some excellent men who look upon them as necessities—but take the aspect of the luxury fellows. If you closed and made impossible the continuity of the labors of those engaged in that business, why, there would be turned upon the streets and highways of the nation, hundreds of thousands of people who earn their living in that way, know no other way by which to earn it. Are you giving aid to prosperity by making a lot of non-supporters tread the highways of the nation?

Pardon me, ladies, but sometimes corsets are spoken of as a luxury. I sometimes have thought of them as a nuisance. But are we to close the shops where all sorts of women's finery are made, that may be described as luxuries, and turn into the streets to seek employment in ways which they do not know, the thousands that are so engaged? No, no.

What economy means, as applied to America, is this; what you credit men want to understand when dealing with the men with whom you come directly in contact, is this: See that there is nothing wasted. See that your several businesses are more carefully conducted. Close the gaps through which waste comes, through which prosperity may escape, to the end that the balance of profit shall be greater and greater, because there is no American but that is content to share his profits with the nation when the nation's needs require, but how can they share them when there is no profit to be shared?

So I say, let the thought that is in your mind be this, that economy shall not have the Caledonian meaning, that means to button your pocket and throw away your checkbook, to live on hog and hominy—no, the hog won't do, because that costs forty-eight cents a pound now—but to live in the cheapest way possible. That won't do. Live in the same way that you have always lived, only see that things that you should consume are not cast aside.

Who was the great mustard-maker who said that it wasn't the mustard that men ate that made him rich, but the mustard that was left on the plate? See that there is no mustard left on the plate. See that your plate is indeed a clean plate. See that everything that is done in your home or in your store, your shop or your factory, is all concentrated to the end that each employe shall have as much or more to do than ever before, but also to the end that your profits shall be bigger and bigger. If they are a hundred thousand dollars, you are content to surrender thirty thousand for the nation's needs, but if they are only five thousand, you can't surrender thirty thousand.

Consequently, let economy have the one sane meaning that is suggested by that which I in the last minute ought to have spoken with these thoughts, it seems to me, with a recognition of the awful things that really are hanging like a nimbus cloud upon the horizon.

You say that the autocratic tendency made manifest in the Kaiser's rule in Germany is contrary to the tendency of the times,

that the tendency of the times is toward liberal thought, but, bless your souls, my friends, how are those liberal thoughts to get to the German people when they are hedged about by a censorship that makes impossible the reading by the masses of the German people of that incomparable state paper, the message of President Wilson.

The geologists tell us that in the long ago, in that prehistoric time, there was a monster known as the megatherium—just see what a big word I have got. He was a brute as big as the word would suggest. He could not be contained in this room, huge as it is. He was armed with huge jaws and mighty claws, and a hide as imperious to penetration as a steel clapboard. Now if that monster were here, would you say, "Oh, I will raise a million men and send them to fight him with their bare hands?" If such were said and such were attempted, what would the answer be?

Out of the past has come a governmental megatherium, a monster governmental lizard, that does not belong in the twentieth century, but it is here. Are we to assail it with soft-syllable sentences, with bare hands, with resolutions by the city council, backed by a joint resolution of the two houses of congress? Are you going to do that, or are you going indeed to say, the might of America is awakened? The great giant of the west has stirred from its slumbers and is now upon its feet. The ten millions of men, aye, and ten millions more, are ready to go forth and upon the fields of Europe, dedicate their lives to the uplift of humanity.

Another thought: We are too prone to compare things now with the things in the past, and bear in mind, that modernity is so mighty, so gigantic, that nothing in the past can serve as guides to us. Why, your scholars—and you are all that—think of the Athenian, the Greek republic as one of the great factors of antiquity, and it was, but do you know that that city of Athens, which was the center of that empire, had as its total annual income, talents of gold, which, translated into dollars and cents, would mean less money than we pay to the police commissioner of this city every year?

You think of Rome as the ruler of the world, and yet, in the hour of Rome's supremest dominion, her whole armed host did not exceed six hundred thousand men. A right tidy bunch, you will say, but it would be lost upon the fields of Galicia, Rumania or Flanders, in the marshalled hosts that shrink the mythic millions of Xerxes into insignificance.

So you must learn to think along lines that are modern, along lines that are mighty, as modernity is mighty. Learn to understand that no longer is war simply a matter of some soldiers. It means mathematics and mechanics and transportation and commerce and industry as well as men. All these must coordinate that the great consummation that we look for, that we hope for, that we pray for, in which we believe, shall come to be indeed a holy fact, when, if there be not a federation of the nations and a parliament of the world, there will at least be here and in France and in England, a government or a republic dedicated to liberty, to human freedom, to the doctrines taught by Christ. Then, then will indeed be the pillars of the republic, our republic and their republic, sunk deep

into the granite of sanity, there to abide and there continued till the sun grows cold and the stars are rolled and the leaves of the Judgment Book unfold. (Applause)

James G. Cannon Memorial

PRESIDENT JOYCE—Our next order of business is a memorial to James Graham Cannon. The tribute will be presented by William H. Preston, the first president of this association.

Address of Wm. H. Preston of Seattle, Wash.

I would that one better fitted for this occasion had been selected to speak of our dear friend, James Graham Cannon, whose name I pronounce with profound reverence and respect. It is true, I knew him intimately in our early association work, and words cannot express the great debt of gratitude we owe for his untiring and unceasing, enthusiasm, his wise judgment, his wonderful vision and his unerring confidence in the accomplishments which this organization has, as he felt, destined to achieve.

It is decreed by an all-wise providence, that we are all to be called to our reward.

With the deepest sorrow, we received word last summer that Mr. Cannon, in the prime of life, had been taken from us, no doubt, to fulfill a higher mission.

Mr. Cannon was born in Delhi, New York; educated in the public schools of New York city; entered the Fifth Avenue Bank of New York as a boy, remaining there a number of years, and left to become vice-president of the Fourth National Bank of New York city, of which bank, he later became president.

When effort was being made to organize credit associations, L. L. Saniter, who was soliciting for The Lawyer and Credit Man, reported that Mr. Cannon was the only banker who had invited him to be seated in his office, and who had promised his support.

Mr. Cannon was president of the National Association of Credit Men two terms, being elected president at the second annual convention held in this city, just twenty years ago.

He also served for a number of years as national director, and those who served with him will never forget his forceful presence and wise councils.

He was the first banker to establish a credit department, and was probably more instrumental in originating credit department forms than any one man in the association.

He was one of the organizers of the International Y. M. C. A. campaigns, and active in religious circles; a Christian gentleman, every particle of him.

He was largely instrumental in establishing the American Institute of Banking, and established the Cannon Annual prize for the best paper on analysing signed statements.

His credit department graduated several men prominent in financial circles.

In the early days of our organization, we were sadly in need of funds. Mr. Cannon gave us our offices in the Fourth National Bank building rent free, for a number of years, and made many

donations of needed funds, and when requested, freely loaned us money for our work.

Those were the days that association work tried men's souls, and men of his ability and standing were hard to interest in our work. He was a patient, helpful adviser of many business men who sought his assistance. He was the only banker to support the efforts for a bankruptcy law twenty years ago.

He had a broad vision of coming and needed changes in the banking system, and gave much help in the enactment of the Federal Reserve Law.

Politically, he was a consistent Republican.

He was a prolific author of business literature, and was much in demand for public addresses, a busy man, but not too busy to give sympathetic help to many good causes.

He believed in righteousness in business as well as in social and church life.

The world is better, you are better, I am better for his having lived and worked among us, and it is truly fitting that this pioneer worker of our association shall ever have a loving, appreciative memory of all members of this association of which he was so great a part.

I beg to present herewith the following memorial and move its endorsement:

"Going back in memory for two decades, this convention recalls vividly the one held in Kansas City in 1897 when there was elevated to presidency of the Association a man of unusual parts and who, through the fertility of his genius, the unselfishness of his temperament and his zeal for public service became the real spirit of the organization, James Graham Cannon. It seems fitting, therefore, that, on this the twentieth anniversary of his entrance into the organization's work, there be given expression to our warm appreciation, and especially because during the past year he has been called into the Great Beyond.

"The National Association of Credit Men in convention assembled, recognizing the merits of this man both in public service and in private life, his executive ability, the sincerity of his friendships, his accomplishments for the credit interests of the nation, records with profound thankfulness and reverence its appreciation for a character that stands out so boldly amongst the many men in the business world and, though unable to penetrate the mysteries of the Beyond, yet feels assured that the reward has come to a faithful life and that his memory will always inspire the very best in men; and a gratitude that the great God so ordered it that we should have enjoyed his fellowship and counsel.

"It is the sense of the convention that this expression appear upon the records of the convention, and that a copy be sent to her who was a faithful partner throughout his life's career."

PRESIDENT JOYCE—With your gracious permission, we will consider that this beautiful resolution is unanimously adopted. The secretary will carry out the provisions.

PRESIDENT JOYCE—Last Tuesday we appointed one who should prepare a resolution on Red Cross Work. I will now call upon H. H. Merrick of Chicago to report on that resolution.

MR. MERRICK—The report of the special committee on the Red Cross, in its bearing upon this convention and our twenty-two thousand members, comes fittingly, it seems to me, immediately after the adoption of the memorial resolution. Two of our presidents, since we were first organized, have passed into the Great Beyond. John Field, the third president of the Association, died some years ago. James Graham Cannon followed him last year.

From the moment that the Red Cross was spoken of in this convention and I was appointed a special committee to report to you a plan and a program, I have been flooded with suggestions from the men and women of this convention. The spirit is so tremendous, the willingness to do, is so apparent, that it is difficult, from all these suggestions, to report back something to you that is appropriate and within the grasp of this convention and that may properly apply in some sense in this memorial to Mr. Cannon and the memorial that is in our hearts for John Field.

Therefore, I shall report in a moment a resolution for your consideration, and I hope, adoption. Just a moment in explanation of the plan reported in that resolution: The American Red Cross has several divisions. One operates through ambulances driven in each case by one man without associate, without any companion, on the fighting front. That one man and the one small ambulance takes the place today of the stretcher-bearers of the early days of the Red Cross. The ambulances are small, only one man is in charge, and the reason for that, friends, is that the loss of life is tremendous. The dangers of the aviation corps alone exceed the dangers of that front line of ambulance work.

I am advised that we, for the sum of two thousand dollars, may equip and man an ambulance under the American Red Cross, land it in France and maintain it for a period of six months, and at the end of that time, if desired, the fund will be sufficient to bring back the man who drives it. The work is so arduous that the Red Cross figured and considered that a man after six months should be brought home.

I am telling you this because this is a concrete plan. We have all given individually and as local associations, organizations, churches, more than a tithe of our income, and now I think this Association may well volunteer a tithe, in the old-fashioned, God-given plan, of the funds it has on hand.

I propose, to you in this resolution, that we equip two of those ambulances, that our officers be authorized to send them forward through the instrumentality of the American Red Cross at the earliest possible moment, that we pay for them out of our treasury; and ladies and gentlemen, it has no precedent. Precedents are not to be considered in this time of war. We are giving of the things that we have, giving of our manhood, of our womanhood, and beyond that, we are making it possible that God's mercy, through the Red Cross, may be found on the battle front. (Applause)

“Resolved, That this Association, in convention assembled, instruct its proper officers to contribute, at once, the sum of \$4,000 out of the Association's general treasury to the American Red Cross for the purpose of equipping and manning two

field ambulances at a cost of \$2,000 each; one to be inscribed as a memorial to the late John Field, the third president of this Association; and the other, a memorial to the late James Graham Cannon, the second president of this Association, and as donated by the National Association of Credit Men of the United States of America."

M. WEIL, Lincoln—I wish to second the resolution just submitted as an American, foreign-born, and for the many millions of American foreign-born who have been living and are now living at this time a happy and contented life under the flag of freedom, I endorse this splendid work; and we as foreign-born stand as one behind our President, our government, and by our Flag.

Let no one, no matter who he may be, lag behind in this great work, this glorious work, that we have undertaken for the freedom of the world, the freedom of the Star Spangled Banner wherever it may float, the freedom of our people.

Some of you who perhaps can go back with me to 1871, remember the iron hand of Bismarck, the war of Emperor William of Germany, and Napoleon, who felt his throne tremble, so bound the country and turned over to Germany, Alsace-Lorraine, my Alsace, my proud home; and now, as in the days gone by, we again face the condition of that time. I can go back to the close of that war, near the close, when Bismarck entered the city of Metz, with its 250,000 soldiers, without a single shot being fired at the enemy, and Napoleon surrendered at Sedan, with its 400,000 men; and the first thing that we were asked to surrender of our liberty was that there should be no more singing of the Marseillaise and cries of "Vive la France," but in its place it should be "Deutschland uber Alles." This can never be and never shall be. It will always be under the Stars and Stripes forever; for me and mine, "My Country, 'Tis of Thee." (Applause)

ARTHUR PARSONS, Salt Lake City—I also wish to second the resolution.

The resolution was adopted unanimously.

PRESIDENT JOYCE—Mr. Merrick has another resolution to propose.

MR. MERRICK—Appropriately, it seems to me, in connection with that Red Cross resolution which you have so grandly carried and authorized, is this sentiment, that standing as we do, the greatest organization of business men in the United States, more than twenty-two thousand strong, we shall tender, in convention assembled, to the President of the United States the hearty support of our organization, of its membership, of its local associations, and of every man and woman in it.

Just a word or two and I will read a resolution for your consideration: Remember that in two years and a half, the greatest nations that the world has ever seen have struggled to bring about organization to the end that war might be conducted successfully and the desired result, victory, be secured; that our nation is attempting to do today, in hours, between daylight and dark, what England and France only attempted to accomplish in months and almost in years; that our President today is calling upon one hun-

dred ten million people to do things that England, with all its might, with all its tremendous history of accomplishment, was only able to start upon in the second year of the war; that we are assembling hundreds of thousands of men, billions of money; that we have only entered upon this contest; and, friends, take home one thought, that it is the individual that counts, as the speakers have said today, in this republic. The individual at home, no matter what his task may be nor what his position in life may be, is the man and the woman that will win or lose this war.

The apathy at home—and there is lethargy—can only be overcome if you men and women go back and carry the word that the individual must rise, that the President must have his arms supported, and not alone by the armed forces for which we have provided, not alone by guns and ammunition, but by the great mass of this people, where its heart throbs, back on the farm, back in the country crossroads town, and in the city; and I say today that the grandest thing that this convention can do is to carry back that message, to carry it through, to make clear to our people that this is an individual problem and not a mass problem, that we can not leave it to the newspapers nor to the orators, but each of us can do his bit, the business man just as much as the man who goes forward and surrenders his life.

"Resolved, That the National Association of Credit Men, in convention assembled, representing the business interests of the United States, expresses its complete confidence in the ability of our great President to solve with success the stupendous problems of the war in which we are engaged and congratulates and commends him in having secured, under the National Council of Defense, the assistance of the country's leading representatives in the professions, in labor, business, and transportation for the most effective prosecution of the war; and be it further

"Resolved, That this convention of over 1300 delegates, representing more than 22,000 business concerns and banks with 120 organizations located all over the country, dedicates this great Association and its vast facilities to the President as commander-in-chief of all the forces of the country, and holds itself wholly and without reserve subject to the President's call for all and whatever services it may be asked to perform."

PRESIDENT JOYCE—You have heard the resolution. What is your pleasure?

E. S. GILL, Seattle—On behalf of the great, virile, fighting Northwest, I desire to second the resolution.

The resolution was adopted without discussion, followed by singing of "America."

PRESIDENT JOYCE—Our next order of business or of pleasure is a little historical sketch carrying us back to that historic year in the career of this Association, 1897. This sketch is in the hands

of our good friend, Harry G. Moore, and I will allow him to proceed. (Applause)

MR. MOORE—On the ninth, tenth and eleventh of June, 1897, there was held in this city the first convention of the National Association of Credit Men. We are going to take just a few moments today that one man who was here may review and bring to you a few recollections of that convention, but before we do that, we want to have come to this platform the men who were present at that time.

I should like to ask Charles Biggs of New York to come up here; William H. Taylor of Kansas City, John H. Wiles of Kansas City, George H. Holby of Chicago, S. W. Campbell of Chicago, Gerson L. Levi of Philadelphia, and William H. Preston, who is already on the stage; George R. Barclay of St. Louis, M. Weil of Lincoln, Nebraska, Fred R. Salisbury of Minneapolis, W. A. Hopple of Cincinnati.

Now is there any other who was at the first Kansas City convention that I do not know about? I was just a boy in those days, carrying water around town.

Gentlemen, the man to whom we owe it all.

MR. MOORE—This is William H. Preston, our first president. Do I need to introduce to you, Charles Biggs of New York; Gerson Levi of Philadelphia; Mr. Campbell of Chicago; William H. Taylor of Kansas City; I did not tell you, but Mr. Buell was here from Syracuse; Mr. Buell of Syracuse, New York; Mr. Weil of Lincoln, Nebraska; Mr. Hopple of Cincinnati, Ohio; George H. Holby of Chicago; and dear old George Barclay, an old young man again. And this is John Wiles, the fellow who has scattered more "Sunshine" and fed more babies than any other man in the country. Mr. Hopple says he came from Kansas City but he lives in Cincinnati.

MR. WILES—I want to make a correction. I came from Kentucky. (Applause)

MR. MOORE—I present to you the results of your labors; and we will ask at this time that Mr. Levi say a few words of that convention twenty years ago.

Reminiscences of the Kansas City Convention of 1897

ADDRESS OF GERSON L. LEVI, PHILADELPHIA

Twenty years ago many of us in the eastern cities had no idea of the extent and greatness of the vast country west of the Mississippi. I heard of a prominent merchant in New York when talking to a customer from the west who asked him if he had ever been west answered, "Oh, yes; as far as Buffalo."

When we in Philadelphia received notice that the National Association of Credit Men would hold their convention of 1897 in Kansas City, then came to me something like the inspiration that came to that great Kentuckian, Proctor Knott, nearly fifty years ago in his great address in congress on the city of Duluth. I

therefore may be pardoned at this time in making some quotations from it.

"The words fell upon my ears with peculiar and indescribable charm, like the gentle murmur of a low fountain stealing forth in the midst of roses or the soft sweet accents of an angel's whisper in the bright joyous dreams of sleeping innocence."

Kansas City but where, oh where was Kansas City.

Thanks to the beneficence of a friend who placed in my hand a map of the states of Missouri and Kansas, as I unfolded it a resplendent scene of ineffable glory opened before me, such as I imagine burst upon the enraptured vision of the wandering peri through the opening gates of paradise. There my enchanted eye rested upon the ravishing words Kansas City, and upon examining the maps found Kansas City not only in the center of the map but also in the exact center of the universe as the map showed that the sky came down at precisely the same distance all around it.

At last the glorious day came when we arrived in Kansas City. Our dreams were fully dispelled for we had pictured seeing the cow boys mounted on their bronchos at the heels of ten thousand cattle, yelling, bellowing, ripping and tearing along amidst clouds of dust till the last steer was safely penned in the stock yards of Kansas City. Here we found a young and busy city, whose business destinies were being cared for by live, up-to-date business men, who with their progressive ideas put to shame any city four times its size situated east of the Ohio river, and the reception we received taught us a new art in entertainment, a cordiality not surpassed even by eastern or southern boasted hospitality. They kindly furnished us with badges with name cards, so that we all became readily acquainted. I recall distinctly the men who came to greet our delegation. W. H. Taylor, representing the Moline Plow Co., C. D. Parker and John Wiles, all admirable hosts. At the hotel we met the organizers of the association, the men who laid the foundations of this great organization.

It is difficult for a man to think back, and imagine himself before he was, or as, a child, and as one considers the present magnitude of the National Association of Credit Men, it is almost inconceivable that there ever was a time when it did not exist, or when one could have doubted the possibility of its organization. Nevertheless, it is only twenty-one years ago that a few representative credit men, all practically strangers to each other, assembled in Toledo to consider the advisability of organizing what has since become probably the most powerful and influential factor in this country in the field of business.

Little did that small coterie of men with just a shadow of a vision realize to what stature of manhood would grow the puny infant, conceived in uncertainty, and born in doubt just twenty-one years ago.

It is my privilege to be one of what today is probably regarded as the select few, who, like the pioneers of old, saw the undiscovered country beyond the edge of the horizon, and sallied forth to meet a few other congenial spirits permeated with an idea to which they could as yet give no form, and whose future they hardly dared to predict.

We had from Philadelphia five members headed by our president, the Honorable John Field, who long since was called to that bourne from which no traveler returns. He was a business man than whom no more honorable lived, and it was quite natural that the honor of serving two terms as president of the National Association should be tendered to a man of his character, who was likewise a most genial friend and companion.

Charles G. Rapp who also joined the great majority after years of splendid work and true devotion to the local association serving as president and on the board of directors also two years as director of the National Association. Frank S. Evans prominent for many years in the work and serving one term as president of the Philadelphia association, now more prominent as the president of the National Wholesale Dry Goods Association.

The leading and directing heads of the new organization were W. H. Preston, of Sioux City, Iowa, who was the first president of the National Association, James G. Cannon, the big-hearted leader and instructor of credit men, to whom the Association is probably indebted more than to any other one man for the principles and ethics of credit granting, and the advice which assisted so materially in forming the foundation for the Association. It was from his lips that we received the watchword for the future work of the organization, "Make no entangling alliances."

The clerical work was looked after by F. R. Boocock, our secretary. He too has joined the great majority beyond, but we look back with grateful remembrances to his sturdy efforts and success in bringing the delegations together in friendly intercourse.

M. E. Bannin of New York was the vice-president, and presided at one of the sessions. He was a man of rare business ability, and most genial disposition, whose grasp of your hand immediately conveyed the impression of his deep and lasting friendship. He too has gone to participate in the enlarged activities beyond.

There was also that grand and loved man of an age that no one ventures to guess as to years, yet so young that we one and all greet him as a boy in his activity and his broad and liberal views of the subjects of the day, Charles Biggs of New York. It was my great pleasure to serve as a member of the Committee on Legislation of the National Association of Credit Men in 1897 when Mr. Biggs was its chairman.

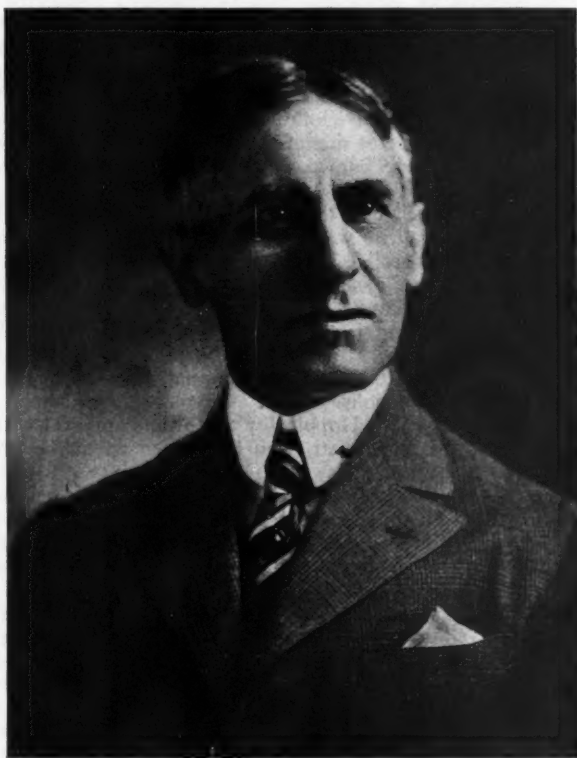
Wm. A. Prendergast the orator of the New York delegation who served for several years as secretary and treasurer of the National Association of Credit Men and later by his great ability and sterling honesty elected to the most responsible office of Comptroller of the City of New York and now serving his second term.

The addresses by the different delegates who were selected for the program of the convention were prepared with a view to covering every angle of the credit man's activities without regard to any particular branch, and as a result all subjects were covered by each one of the speakers.

The star of the convention was Judge Torrey, the author of the bankruptcy law, which was at that time receiving the attention

of congress. In a very able manner, he explained all the features of the bill.

Mr. John Field, who was on the program for an address following the morning address of Judge Torrey, was greatly opposed to the enactment of the bankruptcy law, and finding that all of the addresses had covered satisfactorily every phase of the credit men's



JNO. E. NORVELL
Norvell-Chambers Shoe Co., Huntington, W. Va.
Director

work. he recalled from the press, a manuscript of his speech, and advised the Philadelphia delegation that he would instead speak extemporaneously to oppose the arguments of Judge Torrey on the bankruptcy law.

In the discussion which followed Mr. Field's address, the Philadelphia delegation in its feeble manner, rendered support to Mr. Field as a compliment owing to him as the president of their local association.

The speeches were quite animated, and at one time so heated was the argument that our genial friend from New York, Wm. A. Prendergast, denounced the Philadelphia delegation as a "Band of Commercial Pirates."

Among the other prominent delegates whose names I can recall were T. Homer Green, treasurer of the National Association, then from Sioux City, Iowa, and now permanently connected with a well known firm of wholesale grocers, Green & DeLaitre Company of Minneapolis, and a director of the Northwestern Jobbers' Bureau; Samuel Rosenthal, head of the credit department of Strouse & Bros., Baltimore, bearing the reputation as one of the foremost credit men in the clothing trade of the United States; Albert C. Case, then credit man for the Carnegie Steel Works of Pittsburgh, Pa., who was known as the Beau-Brummel of the convention.

There, too, there was that sturdy man of affairs, Daniel Murphy of Rochester, who was ever ready to express his opinions, and did so in a very forcible and clear-headed manner.

I recall with much pleasure that genius of the credit department, George R. Barclay of St. Louis, to whom the convention was indebted for bringing Judge Torrey to the convention. There also was James Jordan of Minneapolis who probably checks at this time more than \$10,000,000 of credit annually for Wyman, Partridge & Co., of Minneapolis.

I must not omit W. S. Hopple for a life time and still with the Jno. Schillito Co. of Cincinnati, who has never up to the present time missed a convention.

There too was Fred Salisbury of Minneapolis, then in the vigor of his young manhood seeking for information which in after years fully qualified him for the position of president of the National Association of Credit Men, which he held with credit to himself and honor to the association.

It is not an easy matter to remember back for twenty years, all of the delegates who took part in that convention; of the others I recall the latter, Wm. Andressen of Omaha, and Standart of Denver, who also held the position for one term of president of the National Association of Credit Men.

There too, was George H. Hovey of Chicago, and Yale at that time hailing from St. Joseph, Mo., now a resident of this city.

A number of delegates who had not been invited to address the convention, came prepared with large rolls of manuscript containing expressions of their knowledge of the work of credit men, and being deprived of the opportunity of exploiting their ideas on the floor of the convention, found vent for their fervid oratory at the evening reception tendered to the delegates by the Kansas City Association at Kansas City's swell club house. These delegates were called upon for a few remarks, and then proceeded to draw their manuscripts from their pockets prepared to inflict them on the unfortunate assemblage.

Much merriment was caused (for all except the speakers) by the retirement of the larger portion of the crowd to the room where spiritual refreshments were dispensed. The quantity and

quality was sufficient to retain the attention of the crowd until the speakers had finished.

We look back with considerable amusement today at the crudity of this first convention in its every outline, but we must not, and can not forget that *there* was laid the foundation upon which has been built the magnificent structure which is represented in this present convention of the National Association of Credit Men.

Standing on almost the same spot we did in 1897 we view with much pleasure the Kansas City of today and the progress that has been made. No longer is it necessary to look on the map to see where you are. The name Kansas City is now known to the business world as the great metropolis of the great southwest, and we are more than renewing the pleasant impressions of twenty years ago. (Applause)

PRESIDENT JOYCE—Our next order of business is the report of the Committee on Resolutions, Curtis R. Burnett of Newark, New Jersey, chairman.

MR. BURNETT—In order to avoid duplication, it is the request of the Committee on Resolutions that the mere presentation of the resolution be considered as a motion to adopt.

Reads resolutions as follows:

I

The National Association of Credit Men, in convention assembled, taking into consideration the existing state of war, recognizes that it has before it such an opportunity to serve the nation and its allies, as has never before been presented; that there are to be demands upon credit facilities such as we never before experienced if we are to develop for ourselves and our allies that superiority in munitions and supplies, in transportation and distribution, that is essential to the speedy success of the armies and navies now combating our common enemy.

We recognize that to provide the requirements of war, a commerce of unprecedented magnitude, directed with skill and efficiency as nearly perfect as possible, must be developed; but with the necessity of meeting the demands of war, the general welfare requires that the production of those things which do not immediately serve the war, must go on and that manufacture and distribution must continue to supply the material requirements of life, for those at home, in such manner as not to diminish in the slightest degree, their efficiency or ability to serve those in the field.

We recognize that despite a commerce of unprecedented figures, there will take place some readjustments in trade, but we feel that they need not be more than temporary and we believe that business men, have at this time a special duty to exert their influence against hysteria, and that it is theirs to counsel for those reasonable, natural methods of living, that prepare men best to meet extraordinary demands for personal and group efficiency; and in this connection we call upon the press of the country that it take the utmost pains in

this period, when credit is so active and readjustments are necessarily taking place, to help bankers and business men in maintaining the public poise, by pointing out to their readers that this country is amply equipped to carry the load of world war, if financial and other resources are not exposed to the weakening effect of foolish alarms and uncalled for forebodings.

The National Association of Credit Men therefore pledges itself in this hour of our country's necessity, to use its utmost endeavors, to the end that the vast commerce of this country shall continue in steady, even flow, because confidence in our abilities is maintained, and wise counsel prevails in every credit transaction whether it represent a vast governmental issue of bonds or a small individual credit.

Adopted.

II

As one of the first forces to insist upon the reduction and elimination of waste in materials and processes, this Association views with much satisfaction the demand now being made through semi-governmental bureaus, for the institution of the strictest economies in all departments of business and particularly in the clerical department,

1. That all unnecessary motions shall be dispensed with and only the very essentials for the expeditious conduct of business shall be tolerated.

2. That filing be so ordered that papers which can have no value after a certain stated period, shall at the expiration of that period be destroyed and the room they occupied recovered.

And this convention urges that an exchange of views and experiences on methods of time and material saving in office departments be encouraged within the Association, and, to this end, that a committee be appointed by the executive officers, said committee to give wide publicity to the various phases of office economy and endeavor to popularize the movement for the elimination of waste, cooperating therein with the Commercial Economy Board recently authorized as a department of the National Council of Defense.

III

Whereas, Certain bureaus, which have grown out of the exigencies of the world war, notably the Food Conservation Bureau and the Commercial Economy Board, have, as a result of their studies into the ways and means of bringing to bear the resources of the nation, discovered a great waste and loss of energy in the "return goods evil," and have pointed out how these returns tend in no small edgree, to clog the machinery of transportation and largely increase clerical and other expenses, be it

Resolved, By the National Association of Credit Men, in convention assembled, that this Association is deeply interested in the subject, and heartily offers its assistance to the end that methods may be devised to meet and overcome the loss sustained in trade,

or the expense which must be added as an overhead to sales prices, by reason of the increasing return goods abuse, and be it further

Resolved, That we call upon the members of this Association.

1. To make a study in their respective establishments with a view to eliminating the delivering of merchandise which will give cause for return;

2. So to keep their records that all unjust returns are tabulated in such manner that the accounting department, in answering credit inquiries, can report on a customer who has a record of making unjust returns;

3. To insist, as a business policy, that merchandise sent a customer as bought cannot be returned; and further

Resolved, That the incoming committee on credit department methods be asked to place on all inquiry blanks issued by the Association the question "Does he make unjust returns?", and also that the committee determine upon other methods of exposing the return goods evil; and further

Resolved, That those retailers of the country who have so long suffered from the whims of buyers returning goods on the slightest pretext, and who are endeavoring to break up the great system of returns, be cordially commended and urged to press for a fairer spirit on the part of the public, using as a timely reason for their stand, the warnings of the aforesaid governmental boards.

Resolved, That all trade conferences at the convention of 1918 interested in this question give it further study, and review the results of the efforts made, and formulate further plans that the situation may demand.

Adopted.

IV

Believing that the trade acceptance when introduced into our domestic commerce will—

1. Bring about a cleaner-cut arrangement between buyer and seller, tending to eliminate such costly abuses as follow disregard of sales terms;

2. Assist in the process of developing the credit facilities of the country in as much as the trade acceptance substitutes a live representative of sound value for the cumbersome open account; and

3. Bring many obvious advantages to the seller without taking from the buyer a single advantage he now possesses, unless, forsooth, the nearer approach to enforcement of the conditions that go to make up a sales contract is to the buyer's disadvantage,

Therefore, Be It Resolved, by the National Association of Credit Men that it urge upon its every member, that he do his utmost to help in educating business men and customers to an understanding of the reasonableness and advantages of the use of the acceptance and publish the fact that his concern is prepared to deal with those from whom it buys as well as those to whom it sells, on the basis of the acceptance and thus is ready to do its part in

helping to create a body of commercial paper, which the Federal Reserve banks will give preference to in rediscounting—a body of trade acceptances which, if disposed of at the bank, will help to relate our financial processes more closely to the expansion and contraction of business.

Adopted.

V

It is the belief of this convention that the Association has in the credit interchange bureaus, and central bureau, machinery which can be made most useful in disseminating information growing out of cases handled by the investigation and prosecution committees of the National Association and local associations, and that this information should be assembled by the local prosecution committees on forms prepared by the National Association for that purpose, so that, as cases arise and take definite shape, information thereon shall be forwarded to the National office, which in turn, shall forward copies to the various credit interchange bureaus, and central interchange bureau for permanent record and reference.

Adopted.

VI

Resolved, That this convention views with special satisfaction the progress that has been made during the year, in establishing a bureau for the investigation and prosecution of commercial fraud, and feels that the time has come when we must exert a centralized national effort against the monstrous fraud evil; and to this end calls upon local committees to give their whole-hearted cooperation to the committee of the National Association in perfecting its plans to cover the entire country, in its endeavor to curb commercial fraud, and in putting those plans effectively into operation; and further, the convention calls upon the officers and directors to give to this department their special attention during the coming year.

Adopted.

VII

Resolved, That the National Association of Credit Men, in convention assembled, here gives its cordial approval to the efforts made during the year by its Banking and Currency Committee, to defend and strengthen the Federal Reserve banking system, and particularly its efforts to defend the system of check clearance and exchange, which the Federal Reserve banks have been developing, in accordance with the original intention of the Federal Reserve act; and congratulates the committee upon the magnificent part it took so successfully in helping to strengthen the Federal Reserve act and preserve to the Federal Reserve Board its authority to regulate check clearance and exchange, and to determine upon the reasonableness of any charge on check collections within the Federal Reserve system.

Adopted.

VIII

Whereas, It is desirable to avoid bankruptcy proceedings in the adjustment of involved estates except when fraud is suspected, and

Whereas, the merchant seeking relief from his debts through the agency of the bankruptcy law, must file with the court a statement of his financial condition made under oath, before he can be granted his discharge, and.

Whereas, It sometimes occurs that after a composition has been effected outside of bankruptcy, it is either proven or strongly suspected that the creditors were misled, (intentionally or unintentionally) by statements made by the debtor or in his behalf, with the result that creditors are left without adequate remedy; therefore, be it

Resolved, That it is the sense of this convention that no member of the National Association of Credit Men should accept any offer of compromise, or composition that does not have a sworn statement of the financial condition of the debtor, attached to the instrument which is submitted to the creditors for their signatures.

Adopted.

IX

Resolved, That this convention go on record as opposed to the use of the system of credit interchange, for wholesale seasonal revision of accounts unless it be agreed between inquirer and inquired of that such revision is mutually satisfactory and desirable; and again this convention urges that inquiries be not made on well rated parties for prospective orders, the point being that the system of credit interchange which has been constructed with so great effort must not be overloaded with inquiries which do not relate to actual orders in hand or to book accounts.

Adopted.

X

No one can understand, unless he has borne the brunt of details at previous conventions, how many and trying are the responsibilities of caring for these great meetings, and that genuine self-sacrifice is required, and often-times the sacrifice of immediate business interests on the part of local officers and committeemen to whom departments of such a convention as this are assigned.

Few can appreciate, also, the devotion required of the ladies of the entertainment committee that every comfort shall be provided for the ladies who come within the gates of the convention city.

We are all witnesses to the fact that the work of preparation done by the men and women of Kansas City has been well performed in every particular. It is a privilege to have enjoyed their hospitality, and to have had the freedom again of this wonderful city which twenty years ago held out its arms to this organization, then in its infancy.

And we here endeavor to give expression to our deep feelings of appreciation for all that has been done for us during this week, and especially by the ladies of Kansas City who have honored us by their presence and graciously assisted in the many delightful entertainment functions we have enjoyed.

We return to our homes with only the pleasantest thoughts of our stay and hearts filled with gratitude for all we have been permitted to enjoy.

Adopted by standing vote.

XI

Resolved, That we express our appreciation to those who, by addressing these convention sessions, have broadened our thinking on important business questions and given us new angles of vision in the problems they have discussed; and that it will be a pleasure to make these addresses a part of the records of this convention.

Adopted.

XII

Resolved, That the National Association of Credit Men give full recognition to the power of the press, in giving business men and the public in general correct information, and true estimates, upon such questions as the Association is interested in; and to the Daily News Record of New York, always so ably represented at these conventions, especial appreciation is expressed for the generous and advantageous publicity given to our conventions, and throughout the year to credit matters, particularly as they appertain to the work of this Association and its various local branches.

Adopted.

XIII

Resolved, That we here make record of our appreciation of the splendid devotion of the officers, directors, and committee members who served the Association so earnestly and successfully during the year just closed, making it possible to refer to the year as second to none in the character of the service rendered not only to the members of this Association but the public in general.

Adopted.

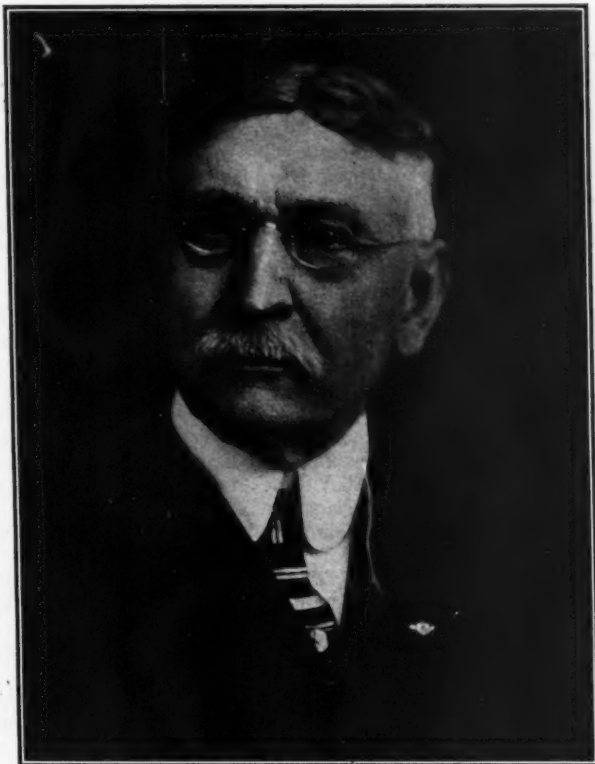
PRESIDENT JOYCE—Our next order of business is the nomination of president. The chair recognizes H. H. Merrick of Chicago.

MR. MERRICK—I rise to nominate the president for the National Association of Credit Men. You have all heard of the record of the past. You have had before you men who formed the first Association and who have labored strenuously and steadily in its uplift.

Today it seems to me that we do not deal so largely with the past as in previous conventions. We all know the tremendous things that have been accomplished from the fact that a fair major-

ity of those who are present have been present for five or six or seven conventions, and some at every convention since this organization was formed in 1896; but today we stand, as these resolutions have so well stated, as the premier organization of the country.

We must bear the burden. We must go into this year, which



J. E. PORTER
Firth-Sterling Steel Co., McKeesport, Pa.
Director

holds within itself possibilities that no man may properly herald or picture, with a united front, with a leader who shall accomplish for the Association, even in greater measure than in the past, the possibilities that lie before us.

There are two words which have perhaps been overworked, and yet today they mean something more than they ever have in the history of the world. The one is service and the other is organization. I belong to a good many organizations, active in many fields of endeavor, and so do most of you, and yet today I say that

beyond all others I have pride in my membership in this Association of Credit Men. (Applause)

There is one thought and it has a bearing upon the nomination and upon the history of the past, the possibilities of the future; it is that we credit men must realize our possibilities, the things that we may accomplish, that our organization may accomplish. As I sat here and listened to the tale of the early days, it seemed to me that the conception year by year widened, the horizon widened. We passed beyond the mechanics of credit, and we did that some years ago. Year by year we have discussed the wider questions, the problems of mankind as seen from the business desk. Today we stand, I believe, as engineers of business, not merely dealing with the narrow problem of credit.

We all know that credit goes into every walk of life and into every channel, that the world depends upon it and that this war depends upon it, and the winning of the war by America. For this year we must go to Washington. In the past four or five years, under our secretary we have accomplished great things in Washington in finance, in business administration. We are accepted in the councils of the nation; but we must go far beyond that. We must be a part of this administration so long as this war shall last. Our voice must be heard. The President will accept our help.

The duties that lie before this organization and its officers, the president to be elected, are greater than at any time in the past. Every one of us must support the man that shall be elected. Every one of us must make possible the success that lies at hand, that the words "credit man" shall take their signification in business, in finance, in administration; that these great possibilities shall cease to be possibilities and become accomplished facts.

There is one man that stands for that word of service with us, for that word organization, for which we all stand. He has been with us since 1900. He has served in every capacity. He is the friend of every one of us. I nominate Silas J. Whitlock of Chicago. (Applause)

PRESIDENT JOYCE—The chair recognizes Frank S. Flagg of New York.

MR. FLAGG—It has been my happy privilege to be closely associated with Mr. Whitlock for many years in the official family of this organization and more particularly during the past year, when I have been privileged to be his running-mate among the vice-presidents.

Therefore, I count myself in a peculiarly favorable position to endorse all that has been said of him by the previous speaker, and on behalf of New York, I take the greatest pleasure in seconding his nomination for this office and extending to the Association my personal congratulations on its ability to find a man who can so ably fill this office. (Applause)

COL. JAS. E. PORTER, Pittsburgh—On behalf of the Pittsburgh association, I rise to second the nomination of Silas J. Whitlock for president, and if it is in order, I would like to make a motion that the nominations close and the secretary be directed to cast the ballot of this convention for Silas J. Whitlock of Chicago for president.

Seconded by Mr. Parsons of Salt Lake City and carried.

SECRETARY TREGOE—It affords me great pleasure to cast the unanimous ballot of this convention for Silas J. Whitlock of Chicago, to be the president of the National Association of Credit Men.

PRESIDENT JOYCE—I declare Mr. Whitlock unanimously elected president of this Association, and would appoint George Masters of



C. E. VANDEL
Western Electric Co., Kansas City, Mo.
Director

Philadelphia and R. H. Gay of San Francisco to escort Mr. Whitlock to the platform.

Mr. Whitlock comes to the platform.

MR. JOYCE—Mr. Whitlock, I have been authorized by this convention to address you as Mr. President, and I assure you that it makes the leaving of this office a great delight to me to turn it over to one whom I have long called my friend and whom I have

come to honor, respect and love beyond anyone else with whom it has been my pleasure to come in contact.

At home I have a little book containing strict rules and regulations as to how to conduct a large and intelligent body of this sort, as to how to entertain their motions and amendments, and amendments to amendments. That book was given to me with the strict injunction that I do not open it. I left the book at home, but if you will promise me to do as I have done with the book, I will send it to you. You run this convention, Mr. President, with that good, common, sound horse-sense which we all know you possess and you will give satisfaction to this body of men. (Applause)

PRESIDENT WHITLOCK—I thank you for this great honor which you have conferred upon me, the greatest honor which it would be possible to confer upon me by any organization or any other body of men or women. In accepting this I am going to give you a consideration which will at least aid some in your comfort, and that will be the kindness of not inflicting upon you any speech upon this occasion, but I thank you from the bottom of my heart for this great honor. (Applause)

The next order of business is the election of your first vice-president. I recognize Charles E. Meek of New York.

MR. MEEK—In the pleasant part that I am to take in the closing proceedings of the convention, it is not my intention to detain you long. I think it is a splendid testimonial to the great interest shown by the delegates and our visitors in the proceedings of our business that so many should have remained in the hall this afternoon so quietly, patiently, and so intensely interested in the proceedings.

Mr. Merrick, in his speech nominating the gentleman who now occupies the executive chair of the Association, said all that was necessary regarding our organization, so that I will confine my few remarks simply to placing before you the man whose name I have been asked to present for your consideration as first vice-president.

His record as an association man is well known. That was the first consideration given to his candidacy. A careful examination as to his business qualifications followed, and we were able to rate him AAA1, and we went into the various walks of life that he has been engaged in during the time that he has been known to us and are satisfied that he will make a capable, an excellent vice-president, who will stand with the chief executive of the organization for all that is right and all that we want that is right in our organization work.

I take great pleasure at this time in presenting to you for First Vice-President of this Association, Ira D. Kingsbury of Rochester, New York. (Applause.)

A. E. MATTHEWS, Denver—It is always a great pleasure to pay tribute to a worthy man. That has been demonstrated in these meetings a number of times. Those of you who have had the privilege I have had for a number of years past, of attending these annual conventions, have surely been impressed with the thought that in the deliberations of this body, there are always some men who can be relied upon for wise counsel and good advice. Such a man is our friend, Kingsbury.

On behalf of the Denver association, it affords me great pleasure to second his nomination, and in doing that I know that the western associations are heartily in accord with me. (Applause.)

F. W. REIDENBACH, of Rochester—It is gratifying to me to be able to second that nomination also. It will afford me a great deal of pleasure to go back home and say that without any solicitation whatever, we have secured for Rochester the first vice-presidency of this great organization.

H. L. EISEN, Milwaukee—On behalf of Milwaukee and the associations of Wisconsin, I want to second the nomination of Mr. Kingsbury and I move you, Mr. President, that the rules be suspended and that the secretary be instructed to cast the unanimous vote of this convention for Ira D. Kingsbury.

The motion was seconded by Mr. Flagg and carried.

SECRETARY TREGOE—It gives me great pleasure to cast your unanimous vote for Ira D. Kingsbury of Rochester to occupy the position of first vice-president.

PRESIDENT WHITLOCK—I therefore declare Ira D. Kingsbury of Rochester the first vice-president, and I will appoint H. W. Hardy and Arthur Parsons to escort Mr. Kingsbury to the platform.

Mr. Kingsbury is brought to the platform.

PRESIDENT WHITLOCK—Mr. Kingsbury, I am instructed by this convention to inform you that you have been selected as its first vice-president.

MR. KINGSBURY—It is difficult for me to find words to express my appreciation of what you have done for me, and I can only say to you, Mr. President, that in the coming year it will be my desire to extend to you every ounce of strength and support that I have; and to the members of the Association, I want to give the same support, the same work that I have given to this Association for the past twenty years, I thank you from the bottom of my heart. (Applause.)

PRESIDENT WHITLOCK—The next in order of business is the election of your second vice-president. Nominations are now in order, and I recognize Harry G. Moore of Peoria, late of Kansas City.

MR. MOORE—I would like to have Mr. Joyce come up here with me.

PRESIDENT WHITLOCK—Mr. Joyce is instructed to come to the platform.

MR. JOYCE—By the chair or by the secretary?

PRESIDENT WHITLOCK—By the chair.

Mr. Joyce comes forward.

MR. MOORE—Before the pleasant duty ahead of me, I wish to present something that is not here. I wish I had this clock here today, I would like to smash it like Mr. Joyce did my watch last year; but, Mr. Joyce, on behalf of this convention, your many friends, and desiring to inform you that after this you must get home, on time—when you reach home, you will find there this clock, and it will tick 22,139 times each twenty-four hours, once for each of us members who present to you this as a token of our appreciation of your efforts and of your work in the National Association of Credit Men. (Applause.)

MR. JOYCE—When the heart is touched, the tongue is tied. It is too hot, anyhow, to make a speech, but that, my friends, will not prevent me from saying to you that I thank you for your many, many kindnesses. You can not expect me to tell you under what obligations I am to you for having elected me to the office which I have just vacated. I myself do not know the heavy obligations that I am under to you. New thoughts and new inspirations will come to me day by day throughout the years which I may be spared through life, due, I want to say to my associations with this grand organization.

We all love this organization. Last night it was referred to most touchingly by Mr. Harry New as the mother of all associations; the mother in our hearts, and I think he properly described it.

I thank you for this beautiful testimony. I needed nothing but your love and affection. You may rest assured that that beautiful clock will stand in my home and will be regarded by me as the living emblem of your love and affection for me, and it will also reflect my love and affection for you. I hope to do everything I can in the right. I thank you sincerely. (Applause.)

MR. MOORE—And now, it becomes my pleasant duty to place in nomination for your consideration a gentleman for the office of second vice-president, but in line with my own remarks the other morning, looking twenty-five years ahead, looking at this Association when it shall mature in one more generation, I want, before I nominate that man, to nominate your president for 1952 and place in nomination, my grandson; (applause) and I hope that that little fellow, who has put his fingers around my heart and his arms around my neck, will be worthy of the presidency of this, which I believe in that day will not only be the greatest commercial organization, but the greatest organization in the world.

But in the meantime, men must fill the place for him, and we go today to a portion of the country never before recognized in the official family or on your board of officers, and from that grand old city which has given us so much of entertainment and of service and of inspiration and of history, we bring to you her chosen son, a man who in his association work in his home town is a power, a worker, a thinker, a man upon whom we can depend for service in every degree; and it is my personal pleasure and indeed a high honor, to represent the Boston association in placing before you the name of H. H. Humphrey for second vice-president. (Applause.)

H. M. PECK, Providence—On behalf of the Providence association, I desire to second the nomination of Mr. Humphrey. We from New England know Mr. Humphrey as a man of sterling character and a credit man of large experience, well fitted to act as second vice-president of this great organization.

I move that the secretary be authorized to cast one ballot on behalf of the Association in favor of the election of Mr. Humphrey of Boston.

H. E. CHOATE, Atlanta—My brother Moore has happily rendered my task quite simple. Indeed I might go back of that and say that our candidate himself began in his first conscious years to simplify the task for both of us.

His record as a business man and a citizen speaks for itself. He possesses in marked degree the qualities we would seek in the ideal officer of this great organization. He is well known to the members of the national body and needs no acclaim from me. He comes with the unqualified and cordial support not only of the Boston association but of the credit men of all New England.

I mention these endorsements because it gauges the estimate held of him by his home folks, which must be regarded as the ultimate test of his real merits.

Of his personal qualities I need only add to what Mr. Moore has so splendidly said that he combines in rare degree a refined nature with a vigorous mentality.

A leader in his local association he has lent himself unsparingly at all times to the national work. An able man, a seasoned man; a man who has never failed to rise to the occasion; a man who has in ungrudging measure our respect, our confidence, our love. It is an honor, it is a delight to nominate my friend, your friend, H. H. Humphrey of Boston, for the office of second vice-president of this Association.

C. D. MIXTER, Worcester—I rise to second the nomination of Mr. Humphrey. I do not know that I can add anything to what Mr. Choate has given you. We of the New England states know Mr. Humphrey and his work. We of the Worcester association have had much help and assistance from Mr. Humphrey years before he was on your board of directors, and we can add nothing to what has been said.

PRESIDENT WHITLOCK—Is there a second to Mr. Peck's motion? Seconded by Mr. Alexander of New York and carried.

SECRETARY TREGOE—It affords me great pleasure to cast your unanimous ballot for H. H. Humphrey of Boston, to be the second vice-president of the Association.

PRESIDENT WHITLOCK—I declare H. H. Humphrey of Boston is elected to the second vice-presidency of this Association, and I will appoint E. H. Phillips and J. C. Kelly to escort Mr. Humphrey to the platform.

Mr. Humphrey is brought forward.

PRESIDENT WHITLOCK—Mr. Humphrey, it is my pleasant duty to advise you that this Association has elected you to the office of second vice-president.

MR. HUMPHREY—I feel that I have a considerable task ahead of me if I am to live up to my recommendations. In the course of Mr. Moore's remarks there came to my mind the words he gave utterance to when retiring from the presidency one year ago. At that time he struck the keynote and gave us the keyword for the success of this organization: Service.

I want to assure you that I deeply appreciate the honor that you have conferred upon the district and upon the house that I have the honor to represent, as well as upon myself, and that I am thoroughly mindful of the responsibilities you have placed upon me. To you, Mr. President, and to you, my friends, I pledge service, unreservedly. (Applause.)

PRESIDENT WHITLOCK—The next order of business is the election of directors.

A. J. GAEHR, Cleveland—In looking over the ballot, I find there are three nominees from Ohio. I feel that some of our good friends might feel in duty bound to recognize us, thereby leaving out some other state. Therefore, with a good will and with a good heart, on behalf of the Cleveland delegation, I withdraw the name of William Tonks.

C. E. MEEK, New York—Under the new constitution it was necessary to nominate two directors to represent the individual members. The name of Charles A. McCormick of New Brunswick was presented and for a moment it was thought that he had a chance, but now, in the interests of harmony and in order to make the election of Mr. Randel unanimous, I withdraw the name of Charles A. McCormick.

JAMES MCFARLAN, Youngstown—On behalf of the Youngstown association and for the same reason as that of the Cleveland delegation, it is now our duty to withdraw the name of F. G. King of Youngstown, Ohio, which we do without any animosity.

B. M. KING, St. Paul—In behalf of the St. Paul delegation, I wish to withdraw the name of Victor Robertson of St. Paul. There was a misunderstanding in placing his name on the ballot, as the Northwest has its representative, Mr. Cross, who is the new candidate for reelection on the board of directors, and we feel in having him we have an able representative and are not entitled to two. We hope, though, at some future time to present the candidacy of Mr. Robertson.

SECRETARY TREGOE—Running over the ballots, the names of Mr. Tonks, Mr. McCormick, Mr. King and Mr. Robertson have been withdrawn, and therefore are not to be considered. The tellers whom I shall announce will see that ballots are supplied to every one, though I think you received them as you came in the door.

These are the tellers: H. A. Sedgwick of Duluth, J. L. Richey of Cincinnati, are the chief tellers. (Reads list of others.)

I would like to be corrected in this. There seems to have been some misapprehension. According to the amendment adopted eleven directors were to be elected, one of them the individual representative. The elevation of Mr. Humphrey, whose term does not expire until 1918, creates a vacancy for one year. Therefore, we vote for twelve, just as the ballot indicates. I understand an impression went abroad that there were thirteen to be elected, and now if I am wrong, I wish you would correct me.

F. H. RANDEL, Ardmore—Do I understand that there are eleven directors retiring, Mr. Secretary?

SECRETARY TREGOE—No, Mr. Randel, ten retiring. Under our constitution, before its amendment, we were to add one director for each one thousand or fraction thereof. If that had remained, we would have elected twelve directors, because we would then have had twenty-three.

Under the constitution as amended, you will remember—because you offered the amendment—there were eleven directors to be

selected at this convention, and the one vacancy makes twelve. Is that straight?

MR. RANDEL—If you say it is, Mr. Secretary, I am going to believe you, but I was under the impression myself today that there were to be thirteen elected. Have we the constitution there as revised? That will answer the question for all of us.

SECRETARY TREGOE—No, the stenographer has all those records, Oh, it is in the "Bulletin," that is a fact. (Reads second and third paragraphs, "A," page 417 June BULLETIN.)

SECRETARY TREGOE—There will be twelve balloted for, so be careful.

PRESIDENT JOYCE—Unfinished business is the next order.

SECRETARY TREGOE—A resolution was adopted at the Pittsburgh convention, and under it a special committee was appointed to investigate what the colleges and schools were doing for commercial education. Charles H. Morton of Boston was the chairman of that committee. Inasmuch as the Committee on Credit Department Methods did almost a similar character of work, Mr. Morton's report is brief, and with your permission, we will file it and have it become a part of the record of the convention, if there is no objection.

The report is as follows:

To the Officers and Members of the National Association of Credit Men:

Acting under the special resolution unanimously adopted at the Pittsburgh convention, your president appointed a special committee to investigate what was being accomplished for the education of retail merchants through extension courses in colleges and universities, and systems of accountancy for retail merchants that had been devised and were offered for this purpose.

In pursuance of the spirit of the resolution your committee when appointed by President Joyce went at the task, and as the result of its inquiries and observation found in but few directions provisions had been made for the education of retail merchants by extension courses or departments of colleges and universities.

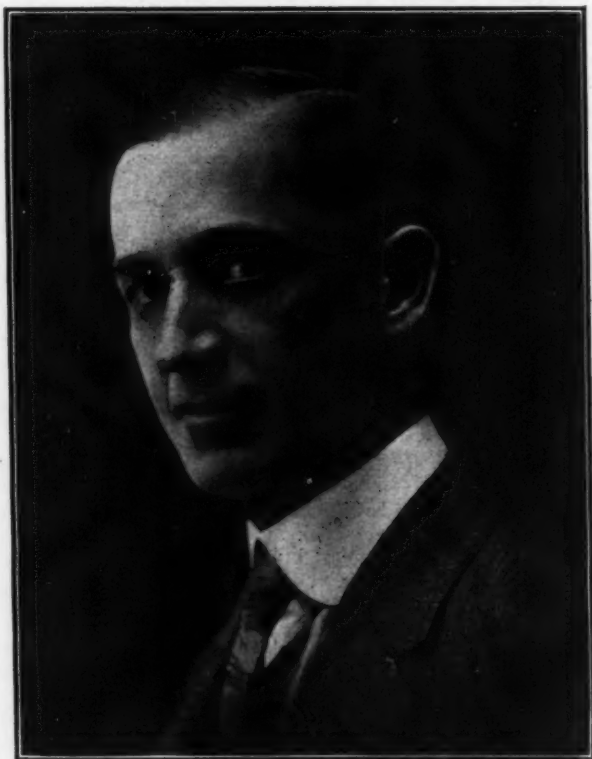
Your committee also investigated several systems of retail accountancy, naming especially those recommended by the Extension Department of Harvard University, the Federal Trade Commission through its former chairman, Edward N. Hurley, the Associated Advertising Clubs of the World, and a system arranged by C. H. Preston.

Without recommending definitely either or all of these systems, your committee must recognize the procedure taken by the Committee on Credit Department Methods, whose interesting report to this convention will be one of its best features.

In order that no conflict might occur between the report of this committee and of the Committee on Credit Department Methods, no definite recommendation will be made except that it were advisable to pursue the course of action and further observation recommended in the report of the Committee on Credit Department Methods, which presents in a strong way the need of preparing re-

tail merchants for the keeping of books of account before there is advocated and recommended any special accountancy method.

Your committee believes that the field is broad, and pressing for overcoming of the appalling lack of method with retail mer-



H. R. ELBERT
Waples-Platter Grocery Co., Fort Worth, Texas
Chairman Legislative Committee

chants, and real ignorance as to the elementary laws of successful retailing.

We believe that the course pursued by the two committees this year, and following recommendations of the Committee on Credit Department Methods for the present year, will bring about conclusions and activities that will substantially assist in this relief and develop a body of retail merchants who will be qualified as a general

rule and not exceptionally, to conduct business along safe and successful lines.

Your committee has appreciated the assistance it has received from various parties and institutions concerned in this work, and would not advocate, in view of the program of the Committee on Credit Department Methods, that the special committee be continued.

Respectfully submitted,

CHARLES H. MORTON,
Chairman.

PRESIDENT WHITLOCK—If there is no objection, this report will be filed and become a part of the record of the convention. There being no objection, it is so ordered.

SECRETARY TREGOE—We have additional invitations from the cities of Springfield and Buffalo for the convention of 1918. Inasmuch as the convention city is selected by the board of directors, I would suggest that these invitations be filed and considered by the board of directors at its annual meeting.

PRESIDENT WHITLOCK—The cities referred to will kindly take notice that the board of directors will meet in September and due notice will be given them, at which time they can file their invitations for the convention of 1918.

SECRETARY TREGOE—Now with your permission, I would suggest that we simply have a recess until eight-thirty, to reconvene in the assembly room of the Hotel Muehlebach.

PRESIDENT WHITLOCK—We will now take a recess until eight-thirty, to meet in the assembly room of the Hotel Muehlebach.

Adjourned Meeting

PRESIDENT WHITLOCK—The first order of business is the report of the tellers.

SECRETARY TREGOE—There has been created a rather unfortunate condition of affairs, for the reason that Mr. Callander was under the impression that his term of office expired this year. As a matter of fact, he has one year to serve. He had announced himself that he was to retire and his name was printed in each day's convention news record, and I felt sure it was a mistake but I had not seen Mr. Orr to ask him whether it was or was not a mistake. I felt very sure it was, and I find from the ballot of the Pittsburgh convention that Mr. Callander was elected for two years.

So, understanding that his term expired, they had counted upon thirteen directors, twelve for two years and one for one year. Now, Mr. Callander holding over, there were but twelve to be elected, eleven for two years and one for one year, and the quick notice at the convention has occasioned an unfortunate condition. Yet, we have been trying to find Mr. Callander and talk with him about it, but we can't trace him, so I should say, Mr. Chairman, that we announce the thirteen names, the thirteen men with the

highest votes, and then have it out with Mr. Callander and see what he says about it.

So I will not announce the number of votes that each man received, I don't think it is necessary to do that. There must not be competition between members of this family. It is only necessary that they should know that they are elected.

ARTHUR PARSONS—Mr. Tregoe, what is the rule governing the election? If it should transpire that we only needed to elect twelve, the highest number would be the twelve men, leaving Mr. Callander in his position.

SECRETARY TREGOE—Mr. Joyce suggests that I announce the votes, and I am always glad to accept any advice from Mr. Joyce. We never disagreed but once, and I am still insisting that he was wrong.

I will give them to you in their order. C. E. Vandel of Kansas City received the highest number of votes, 18,172; J. D. Meek of Indianapolis was second with 17,971; Col. James E. Porter of Pittsburgh, third, 17,857; W. F. H. Koelsch, 17,802; W. B. Cross of Duluth, 17,370; Frank H. Randel, 17,136; J. E. O'Neil of Oklahoma City, 17,131; G. L. Levi of Philadelphia, 16,697; A. E. Matthews of Denver, 16,647; H. C. Cornelius of Grand Rapids, 15,895; W. M. Bonham of Knoxville, 15,844; M. Weil of Lincoln, 11,866; Charles R. Clapp of Toledo, 8,729.

Now, Mr. President, according to this record, if there are twelve to be elected, Mr. Weil has the one-year term. If anything occurs with Mr. Callander, then Mr. Clapp has the one-year term.

We can only work tonight on the basis of twelve, and the board of directors can only meet on that basis, and therefore, the new directors are W. M. Bonham, H. C. Cornelius, W. B. Cross, W. F. H. Koelsch, G. L. Levi, A. E. Matthews, J. D. Meek, J. E. O'Neil, James E. Porter, C. E. Vandel, M. Weil and Frank H. Randel.

PRESIDENT WHITLOCK—This being the vote, I declare the above-mentioned elected; M. Weil for the one-year term, the balance for two years.

Thereupon motion was made by Mr. Moore and seconded by Mr. Joyce that the convention adjourn. Carried.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men

(Arranged Alphabetically by States)

- ALABAMA**, Birmingham — Merchants' Manufacturers' Association of Birmingham. President, R. A. Porter, Tyler Gro. Co.; Secretary, J. A. Coker, Birmingham Paper Co.; Assistant Secretary, R. H. Eggleston, Chamber of Commerce Bldg.; Manager, J. T. Slatten, 321-323 Chamber of Commerce Bldg.
- ALABAMA**, Montgomery — Montgomery Association of Credit Men. President, F. G. Salter, Durr Drug Co.; Secretary, Leo Gassenheimer, Mercantile Paper Co.; Assistant Secretary, J. M. Holloway, Bell Bldg.
- ALABAMA**, Selma — Selma Association of Credit Men. President, W. I. Block, Block Bros. Secretary, R. S. Carothers, Selma Hdw. Co.
- ARKANSAS**, Fort Smith — Fort Smith Association of Credit Men. President, W. J. Murphy, W. J. Murphy, Saddlery; Secretary, John Laws, Atkinson, Williams Hdw. Co.
- ARKANSAS**, Little Rock — Little Rock Association of Credit Men. President, Sam T. Poe, 625 Southern Trust Bldg.; Secretary, E. H. Schmidt, Crane Co.
- CALIFORNIA**, Los Angeles — Los Angeles Credit Men's Association. President, F. M. Couch, Blake, Moffitt & Towne; Secretary, W. C. Mushet, 512 Union League Bldg.
- CALIFORNIA**, San Diego — The Credit Association of San Diego. President, Chas. A. Small, Bishop & Co.; Secretary, Carl O. Retzlaff, 607-8 Spreckles Theatre Bldg.
- CALIFORNIA**, San Francisco — San Francisco Credit Men's Association. President, Robt. H. Gay, American Can Co.; Secretary, Charles T. Hughes, 433 California St.
- COLORADO**, Denver — Denver Credit Men's Association. President, F. A. Pattison, American Steel & Wire Co.; Secretary, A. E. Matthews, Colorado Fuel & Iron Co.; Assistant Secretary, David F. Lowe, 503 Continental Bldg.
- COLORADO**, Pueblo — Pueblo Association of Credit Men. President, T. A. Duke, Henkel-Duke Merc. Co.; Secretary, D. N. Jenks, Beatrice Creamery Co.; Assistant Secretary, F. L. Taylor, 410 Central Block.
- CONNECTICUT**, Bridgeport — Bridgeport Association of Credit Men. President, Guy P. Miller, Bridgeport Brass Co.; Secretary, Chas. L. Wootton, A. W. Burritt Co.
- CONNECTICUT**, Hartford — Hartford Association of Credit Men. President, W. H. Rourke, E. Tucker's Sons Co.; Secretary, C. De L. Alton, J. B. Williams Co., Glastonbury, Conn.
- CONNECTICUT**, New Haven — New Haven Association of Credit Men. President, Ziegler Sargent, Sargent & Co.; Secretary, F. I. Newton, Tuttle, Morehouse & Taylor Co.
- DISTRICT OF COLUMBIA**, Washington — Washington Association of Credit Men. President, Arthur J. May, The F. P. May Hdw. Co.; Secretary, R. Preston Shealey, 726 Colorado Bldg.
- FLORIDA**, Jacksonville — Jacksonville Credit Men's Association. Pres. J. W. Pettyjohn, Covington Co., Secy., W. G. Stedfeld, Fla. National Bank.
- FLORIDA**, Tampa — Tampa Association of Credit Men. President, Frank Bentley, The Bentley-Gray Dry Goods Co.; Secretary, W. G. Elliott, Citizen's Bank Bldg.
- GEORGIA**, Atlanta — Atlanta Association of Credit Men. President, H. D. Carter, Dougherty-Little Redwine Co.; Secretary, H. T. Moore, Chamber of Commerce Bldg.
- GEORGIA**, Augusta — Augusta Association of Credit Men. President, J. M. Smith, Smith Bros. Co.; Secretary, R. H. Daniel, Stovall-Pace Co.
- GEORGIA**, Macon — Macon Association of Credit Men. President, J. B. Riley, Lamar-Taylor & Riley Drug Co.; Secretary, J. Tom Dent, S. R. Jaques & Tinsley Co.
- GEORGIA**, Savannah — Savannah Credit Men's Association. President, R. W. Hohenstein, Southern Cotton Oil Co.; Secretary, E. J. Sullivan, Savannah Credit Men's Association.
- IDAHO**, Boise — Boise Association of Credit Men, Ltd. President, Chas. F. Adams, Idaho Candy Co.; Secretary, D. J. A. Dirks, 216-218 Boise City Nat'l Bank Bldg.
- ILLINOIS**, Chicago — Chicago Association of Credit Men. President, E. J. Roberts, Chicago White Lead & Oil Co.; Secretary, Chas. R. Dickerson, 10 So. Salle, St.
- ILLINOIS**, Decatur — Decatur Association of Credit Men. President, W. Diefenthaler, Field & Shorb; Secretary, Fred Hoyt, C. A. Hupp Tob. Co.
- ILLINOIS**, Peoria — Peoria Association of Credit Men. President, C. H. Speck, Herschel Mfg. Co.; Secretary, F. C. Cline, % J. D. Roszell.
- ILLINOIS**, Quincy — Quincy Association of Credit Men. President, A. T. Higgins, Meyer-Reigard-Higgins Mfg. Co.; Secretary, Frank Rothgeb, Quincy Confectionery Co.
- ILLINOIS**, Rockford — Rockford Assn. of Credit Men. President, A. J. Anderson, Union Overall Co.; Secretary, J. T. Gerber, Barber-Colman Co.
- ILLINOIS**, Springfield — Springfield Association of Credit Men. President, George E. Keys, Farmers' National Bank; Secretary, George E. Lee, Bageman-Bode Co.
- INDIANA**, Evansville — Evansville Association of Credit Men. President, F. A. Deickman, Globe-Bosse-World Furn. Co.; Secretary, H. W. Voss, Furn. Exchange Bldg.
- INDIANA**, Ft. Wayne — Ft. Wayne Association of Credit Men. President, F. G. Landenberger, Ft. Wayne Drug Co.; Secretary, W. A. Hobson, Ft. Wayne Oil & Supply Co.
- INDIANA**, Indianapolis — Indianapolis Association of Credit Men. President, Walter V. Bozell, Mutual China Co.; Secretary, Le Roy C. Breunig, Continental Nat. Bank.

- INDIANA, Muncie**—Muncie Association of Credit Men. Pres., W. H. Goddard, Jos. Goddard Co.; Secretary, E. W. Clark, 615 Wysox Bldg.
- INDIANA, South Bend**—South Bend Association of Credit Men. President, A. G. Rumpf, Studebaker Corp.; Secretary, R. P. Lang, South Bend Wholesale Grocery Co.
- IOWA, Cedar Rapids**—Cedar Rapids Association of Credit Men. President, F. L. Ingalls, T. M. Sinclair & Co.; Secretary, J. J. Lenihan, 504 Mullin Bldg.
- IOWA, Davenport**—Davenport Association of Credit Men. President, G. S. Johnson, G. S. Johnson Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- IOWA, Des Moines**—Des Moines Credit Men's Association. President, Chas. A. Sayre, Des Moines Bridge & Iron Works; Secretary, Ernest E. Lucas, American Lith. & Print. Co.
- IOWA, Sioux City**—Sioux City Association of Credit Men. President, A. P. Soelberg, Sioux City Crockery Co.; Secretary, C. H. Hess, Sibley-Hess Co.; Asst. Secy., Peter Balkema, 601 Trimble Bldg.
- IOWA, Waterloo**—Waterloo Association of Credit Men. President, J. A. Smith, Smith, Lichty & Hillman Co.; Secretary, G. B. Worthen, 518 Black Bldg.
- KANSAS, Wichita**—Wichita Association of Credit Men. President, Harry D. Howard, Massey Iron Co.; Secretary, Clyde C. Whiteley; Assistant Secretary, M. E. Garrison, 1009 Beacon Bldg.
- KENTUCKY, Lexington**—Lexington Credit Men's Association. President, J. L. Malin, Van Deren Hardware Co.; Secretary, C. L. Williamson, 1312-15 Fayette National Bank Bldg.
- KENTUCKY, Louisville**—Louisville Credit Men's Association. President, J. P. Coleman, Belknap Hdw. & Mfg. Co. Secretary, H. H. Ainslie, U. S. Trust Co. Bldg.
- KENTUCKY, Paducah**—Paducah Association of Credit Men. President, J. M. Walton, Covington Bros. & Co.; Secretary, Frederick Speck, Paducah Iron Co.
- LOUISIANA, New Orleans**—New Orleans Credit Men's Association. President, W. P. Simpson, C. T. Patterson Co.; Ltd.; Secretary, T. J. Bartlett, Williams, Richardson & Co., Ltd.
- MARYLAND, Baltimore**—Baltimore Association of Credit Men. President, C. Walter Carman, Baltimore Bargain House; Secretary, S. D. Buck, 100 Hopkins Pl.
- MASSACHUSETTS, Boston**—Boston Credit Men's Association. President, H. H. Humphrey, Brown Durrell Co.; Secretary, Herbert A. Whiting, 77 Summer St.
- MASSACHUSETTS, Springfield**—Springfield Credit Men's Association. President, O. E. Doty, Third National Bank; Secretary, L. E. Herrick, Victor Sporting Goods Co.
- MASSACHUSETTS, Worcester**—Worcester Association of Credit Men. President, C. D. Mixer, Wright Wire Co.; Secretary, C. W. Parks, Merchants' Nat. Bank.
- MICHIGAN, Detroit**—Detroit Association of Credit Men. President, A. J. Peoples, Detroit Copper & Brass Rolling Mills; Secretary, Frank R. Hamburger, 1032 Dime Bank Bldg.
- MICHIGAN, Grand Rapids**—Grand Rapids Credit Men's Association. President, E. A. Meres, Excelsior Wrapper Co.; Secretary, Walter H. Brooks, 537 Michigan Trust Bldg.
- MICHIGAN, Kalamazoo**—Kalamazoo Association of Credit Men. President, Louis Rosenbaum, Kalamazoo Pant Co.; Secretary, F. R. Olmsted, 203 Hanselman Bldg.
- MICHIGAN, Lansing**—Lansing Association of Credit Men. President, D. W. Caldwell, Northrup, Robertson, Carrier Co.; Secretary, J. A. Braun, Dudley Paper Co.
- MICHIGAN, Saginaw**—North Eastern Michigan Association of Credit Men. President, W. H. Ennis, Laginair Welling Co.; Secretary John Hopkins, 315 Bearinger Bldg.
- MINNESOTA, Duluth**—Duluth Association of Credit Men. (Duluth-Superior). President, Mark Baldwin, Bridgeman, Russell Co.; Secretary, W. O. Derby, Manhattan Bldg.
- MINNESOTA, Minneapolis**—Minneapolis Association of Credit Men. President, E. P. Stewart, Minneapolis Tribune. Secretary, W. O. Hawkins, McClellan Paper Co.
- MINNESOTA, St. Paul**—St. Paul Association of Credit Men. President, H. E. Engstrom, G. Sommers & Co.; Secretary, Wm. D. Fritz, St. Paul Rubber Co.
- MISSOURI, Kansas City**—Kansas City Association of Credit Men. President, L. C. Smith, Commonwealth Nat. Bank; Secretary, Marvin Orear, 303-7 New England Bldg.
- MISSOURI, St. Joseph**—St. Joseph Credit Men's Association. President, F. L. Hanush, Battreall Shoe Co.; Secretary, Geo. B. Wray, Swift & Co., So. St. Joseph, Mo.
- MISSOURI, St. Louis**—St. Louis Association of Credit Men. President, I. W. Love, Geller-Ward-Hanser Hdw. Co.; Secretary, C. P. Weath, 333 Boatmen's Bank Bldg.
- MONTANA, Billings**—Billings Credit Men's Association. President, T. J. McDonough, Stone-Ordean-Wells Co.; Secretary, H. C. Stringham, Electric Bldg.
- MONTANA, Butte**—Butte Association of Credit Men. President, A. J. Kneivel, Butte Potato & Produce Co.; Secretary, R. A. Kunkel, Daly Bank & Trust Co.; Assistant Secretary, R. E. Clawson, Ind. Telephone Bldg.
- MONTANA, Great Falls**—Northern Montana Association of Credit Men. President, C. E. Heisey, Heisey Gro. Co.; Secretary, J. J. Flaherty, Great Falls Paper Co.
- NEBRASKA, Lincoln**—Lincoln Credit Men's Association. President, E. W. Nelson, Rudge & Guenzel Co.; Secretary, H. T. Folsom, Union Coal Co.
- NEBRASKA, Omaha**—The Omaha Association of Credit Men. President, E. H. Ward, Midland Glass & Ft. Co.; Secretary, E. P. Robinson, Groneweg & Schoentgen Co., Council Bluffs, Ia.
- NEW JERSEY, Newark**—Newark Association of Credit Men. President, F. P. Crane, Whitehead & Hoag Co.; Secretary, Chas. E. Daniel, 802 Wiss Bldg.
- NEW YORK, Albany**—Albany Association of Credit Men. President, J. K. Dunascomb, Albany Hdw. & Iron Co.; Secretary, C. N. Gilbert, Babcock & Sherman.

NEW YORK, Buffalo—Buffalo Association of Credit Men. President, T. W. Hammond, Sizer Forge Co.; Secretary, James C. Chase, 1001 Mutual Life Bldg.

NEW YORK, New York—New York Credit Men's Association. President, W. F. H. Koelsch, Bank of the United States; Secretary, A. H. Alexander, 320 Broadway.

NEW YORK, Rochester—Rochester Association of Credit Men. President, G. W. Burling, Alling & Cory Co. Secretary, Edward Weter, Yawman & Erbe Mfg. Co.

NEW YORK, Syracuse—Syracuse Association of Credit Men. President, R. B. Roanree, Benedict Mfg. Co.; Secretary, H. B. Buell, 702-703 Snow Bldg.

NEW YORK, Utica—Utica Association of Credit Men. President, L. G. Ross, Bowne-Gaus Shoe Co.; Secretary, John G. Duffy, Utica Chamber of Commerce.

NORTH CAROLINA, Wilmington—Wilmington Association of Credit Men. President, J. R. Murchison, J. W. Murchison & Co. Secretary, Cyrus D. Hogue, Bureau of Credits.

NORTH DAKOTA, Fargo—Fargo Association of Credit Men. President, C. H. Lavelle, Fargo Merc. Co.; Secretary, H. L. Loomis, N. W. Mutual Savings & Loan Ass'n.

NORTH DAKOTA, Grand Forks—Grand Forks Association of Credit Men. President, C. O. Hagen, Grand Forks Mercantile Co.; Secretary, S. H. Booth, Congress Candy Co.

OHIO, Cincinnati—Cincinnati Association of Credit Men. President, J. E. McClain, Joa. R. Peebles Sons Co.; Secretary, J. L. Richey, 631-2 Union Trust Bldg.

OHIO, Cleveland—Cleveland Association of Credit Men. President, F. T. Jones, H. W. Johns-Manville Co.; Secretary, D. W. Cauley, 326 Engineers Bldg.

OHIO, Columbus—Columbus Credit Men's Association. President, D. B. Neil, Lawrence Press Co.; Secretary, Benson G. Watson, 411-420 The New First National Bank Bldg.

OHIO, Dayton—Dayton Association of Credit Men. President, Weston Green, Green & Green Co.; Secretary, J. Q. A. Johnson, Jr., U. B. Bldg.

OHIO, Toledo—Toledo Association of Credit Men. President, F. K. Dolbeer, Willys-Overland Co.; Secretary, Fred A. Brown, 723 Nicholas Bldg.

OHIO, Youngstown—Youngstown Association of Credit Men. President, O. D. Kaiser, Genl. Fireproofing Co.; Secretary, W. C. McKain, 1106-7 Mahoning National Bank Bldg.

OKLAHOMA, Oklahoma City—Oklahoma City Association of Credit Men. President, W. W. Edwards, New State Shirt & Overall Co. Secretary, Eugene Miller, 625 Insurance Bldg.

OREGON, Portland—Portland Association of Credit Men. President, E. G. Leihy, Blumauer-Frank Drug Co.; Secretary, P. L. Bishop, Lang & Co.

PENNSYLVANIA, Allentown—Lehigh Valley Association of Credit Men. President, Arjay Davies, H. G. Tomblor Gro. Co., Easton, Pa.; Secretary, H. J. Reinhard, 402 Hunsicker Bldg.

PENNSYLVANIA, New Castle—New Castle Association of Credit Men. President, C. D. Parker, H. G. Preston Co.; Secretary, Roy M. Jamison, 509 Greer Block.

PENNSYLVANIA, Philadelphia—Philadelphia Association of Credit Men. President, W. K. Hardt, Fourth St. Nat. Bank; Secretary, David A. Longacre, Room 801, 1011 Chestnut St.

PENNSYLVANIA, Pittsburgh—Pittsburgh Association of Credit Men. President, Robert P. Simons, W. W. Lawrence Co.; Secretary, A. C. Ellis, 1209 Chamber of Commerce Bldg.

PENNSYLVANIA, Reading—Reading Credit Men's Association. President, J. J. Knoll, Delp, Knoll Gro. Co.; Secretary, Geo. W. Mayers, Kurts & Mayers.

PENNSYLVANIA, Wilkes-Barre—Wilkes-Barre Association of Credit Men. President, J. Frank Hart, Hart, Lee Co.; Secretary, Geo. H. McDonnell, 720-724 Miner's Bank Bldg.

RHODE ISLAND, Providence—Providence Association of Credit Men. President, George W. Gardner, Union Trust Co.; Secretary, Lewis Swift, Jr., 1117 Turks Head Bldg.

SOUTH CAROLINA, Columbia—Columbia Association of Credit Men. President, M. B. Du Pre, M. B. Du Pre Co.; Secretary, J. F. Goggans, E. M. Du Pre Co. Manager, J. M. Cozart, 1108 Palmetto Bank Bldg.

SOUTH CAROLINA, Greenville—Greenville Association of Credit Men. President, S. A. Moore, Norwood Nat. Bank; Secretary, W. Lindsey Smith, Mountain City Milling Co.

SOUTH DAKOTA, Sioux Falls—Sioux Falls Association of Credit Men. President, J. O. Barton, Secretary Nat-Bank; Secretary, G. E. Larson, Larson-Hdw. Co.

TENNESSEE, Chattanooga—Chattanooga Association of Credit Men. President, Geo. W. Wallace, Betterton-Wallace Shoe Co.; Secretary, H. W. Longley, Chattanooga Wheelbarrow Co.

TENNESSEE, Knoxville—Knoxville Association of Credit Men. President, W. M. Bonham, C. M. McClung & Co.; Secretary, W. A. DeGroat, Anderson-Dulin-Varnell Co.

TENNESSEE, Memphis—Memphis Association of Credit Men. President, E. O. Finne, Oliver-Finne Co.; Secretary, Oscar H. Cleveland, Business Men's Club Bldg.

TENNESSEE, Nashville—Nashville Credit Men's Association. President, R. T. Hopkins, Phillips & Buttorff Mfg. Co.; Secretary, Chas. H. Warwick, 803-805 Stahlman Bldg.

TEXAS, Austin—Austin Association of Credit Men. President, A. J. Eilers, McKean-Eilers Co.; Secretary, R. L. Bewley, P. O. Box 1075.

TEXAS, Dallas—Dallas Association of Credit Men. President, E. S. Lamers, A. A. Jackson & Co.; Secretary, D. B. McKimmie, S. G. Davis Hat Co.

- TEXAS, El Paso—El Paso Association of Credit Men. President, Claiborne Adams, El Paso Grain and Milling Co.; Secretary, S. W. Daniels, 307 City National Bank Bldg.
- TEXAS, Fort Worth—Fort Worth Association of Credit Men. President, Gladstone Wardlaw, A. E. Want & Co.; Secretary, Geo. Q. McGown, McGown, McGown & Chisum.
- TEXAS, Houston—Houston Association of Credit Men. President, Fred Gann, Peden Iron & Steel Co.; Secretary, F. G. Masquelette, 1117 Union Nat. Bldg.
- TEXAS, San Antonio—San Antonio Association of Credit Men. President, George T. Allensworth, Allensworth-Carnahan Co.; Secretary, Arthur Storms, Pioneer Flour Mills; Manager, Henry A. Hirshberg, Chamber of Commerce.
- TEXAS, Waco—Waco Association of Credit Men. President, D. S. Dodson, McLendon Hdw. Co.; Secretary, R. H. Berry, R. T. Dennis & Co.
- UTAH, Salt Lake City—Utah Association of Credit Men. President, Arthur Parsons, 390 Quince St.; Assistant Secretary, Walter Wright, P. O. Box 886.
- VERMONT, Burlington—Vermont Association of Credit Men. President, F. E. Kimball, Spaulding & Kimball; Secretary, Neil I. Stanley, P. O. Box 28.
- VIRGINIA-TENNESSEE, Bristol—Bristol Association of Credit Men. President, F. C. Newman, King Bros. Shoe Co.; Secretary, J. O. Simpkins, Bristol Ice Cream Co.
- VIRGINIA, Lynchburg—Lynchburg Credit Men's Association. President, R. S. Jones, Barker-Jennings Hdw. Co.; Secretary, Harry H. Brown, Craddock-Terry Co.
- VIRGINIA, Norfolk—Norfolk-Tidewater Association of Credit Men. President, H. G. Barbee, Harris, Woodson, Barbee Co.; Secretary, C. L. Whichard, Whichard Bros. Co.; Mgr., Shelton N. Woodard, 1210 National Bank of Commerce Bldg.
- VIRGINIA, Richmond—Richmond Credit Men's Association. President, C. S. Fenson, Watkins-Cotrell Co.; Secretary, Jo Lane Stern, 905 Travelers' Insurance Bldg.
- VIRGINIA, Roanoke—Roanoke Association of Credit Men. President, C. G. Lindsey, Lindsey-Robinson & Co.; Secretary, B. A. Marks, W. C. Jones & Co.
- WASHINGTON, Seattle—Seattle Association of Credit Men. President, E. G. Lindberg, Frye & Co.; Secretary, W. E. Beamer, Western D. G. Co.
- WASHINGTON, Spokane—Spokane Merchants' Association. President, R. O. McClintock, McClintock-Trunkay Co.; Secretary, J. B. Campbell, Old National Bank Bldg.; Assistant Secretary, James D. Meikle.
- WASHINGTON, Tacoma—Tacoma Association of Credit Men. President, H. I. Brenner, West Coast Gro. Co.; Secretary, R. D. Simpson, Tacoma Bldg.
- WEST VIRGINIA, Bluefield-Graham—Bluefield-Graham Credit Men's Association. President, George Phillips, Wright Milling Co.; Secretary, P. J. Alexander Flat Top Gro. Co.; Bluefield, W. Va.
- WEST VIRGINIA, Charleston—Charleston Association of Credit Men. President, L. O. Emerick, Eskew, Smith & Cannon; Secretary, D. C. Lovett, Jr., Lovett Prtg. Co.
- WEST VIRGINIA, Clarksburg—Central West Virginia Association of Credit Men. President, W. T. Wallis, Hornor-Gaylord Co.; Secretary, Bert Evans, 410 Union National Bank Bldg.
- WEST VIRGINIA, Huntington—Huntington Association of Credit Men. President, Robert L. Archer, First National Bank; Secretary, H. S. Ivie, Huntington Wholesale Grocery Co.
- WEST VIRGINIA, Parkersburg—Parkersburg-Marietta Association of Credit Men. President, T. Dutton, Martin-Nelly Gro. Co.; Secretary, W. H. Heermans, Graham-Baumgarner Co.
- WEST VIRGINIA, Wheeling—Wheeling Association of Credit Men. President, S. Floyd, Greer & Laing; Secretary, John E. Schellhase, Room 8, Market Auditorium.
- WISCONSIN, Fond du Lac—Fond du Lac Association of Credit Men. President, E. B. Hutchins, Boex-Holman Co.; Secretary, A. P. Baker, 91-93 South Main St.
- WISCONSIN, Green Bay—Wholesale Credit Men's Association of Green Bay. President, Wm. P. Brenner, Brenner Candy Co.; Secretary, J. V. Rorer, 212 Bellin-Buchanan Bldg.
- WISCONSIN, Milwaukee—Milwaukee Association of Credit Men. President, E. C. Hoe, Fay Lewis & Bros. Co.; Secretary, H. M. Battin, 610 Germania Bldg.
- WISCONSIN, Oshkosh—Oshkosh Association of Credit Men. President, Erle Thompson, Paragon Oil & Supply Co.; Secretary, Chas. D. Breon, 83 Monument Sq.

Directory of Adjustment Bureaus Conducted by Local Credit Men's Associations

Communications Should Be Addressed to the Parties Named
Below, with Title Indicated.

- California, Los Angeles, F. C. De Lano, Mgr., Higgins Bldg.
California, San Diego, Carl O. Retaloff, Mgr., 607-608 Spreckles' Bldg.
California, San Francisco, C. T. Hughes, Mgr., 521 Insurance Bldg.
Colorado, Pueblo, F. L. Taylor, Mgr., 410 Central Block.
Connecticut, New Haven, Adjustment Committee, Clarence W. Bronson, 129 Church St.
District of Columbia, Washington, R. Preston Shealey, Secy. and Mgr., 726 Colorado Bldg.
Florida, Jacksonville, H. Lyle, Mgr., 506 Dyal-Upchurch Bldg.
Florida, Tampa, Arthur Masters, 320 Citizens' Bank Bldg.
Georgia, Atlanta, E. C. Patterson, Mgr., 304 Chamber of Commerce Bldg.
Georgia, Augusta, H. M. Oliver, Mgr., 6 Campbell Bldg.
Georgia, Savannah, E. J. Sullivan, Sec'y, Savannah Salvage & Adjustment Bureau, Germania Bank Bldg.
Idaho, Boise, D. J. A. Dirks, Mgr., 305 Idaho Bldg.
Illinois, Chicago, M. C. Raamussen, Mgr., 10 S. La Salle St.
Illinois, Decatur, C. A. McMillen, 409 Milliken Bldg.
Indiana, Evansville, H. W. Voss, Mgr., Furniture Exchange Bldg.
Indiana, Indianapolis, W. E. Balch, Mgr., 7th Floor News Bldg.
Indiana, Muncie, Roy W. Clark, 615 Wyoer Bldg.
Indiana, South Bend, L. M. Hammerschmidt, 710 J. M. S. Bldg.
Iowa, Cedar Rapids, J. J. Lenihan, Mgr., Luberger & Lenihan.
Iowa, Davenport, Isaac Petersberger, Mgr., 222 Lane Bldg.
Iowa, Des Moines, A. W. Brett, Mgr., 708 Youngman Bldg.
Iowa, Sioux City, Peter Balkema, 601 Trimble Bldg.
Kansas, Wichita, M. E. Garrison, Mgr., 1009 Beacon Bldg.
Kentucky, Lexington, C. L. Williamson, Mgr., 1312 Fayette Nat. Bank Bldg.
Kentucky, Louisville, Chas. Fitzgerald, Mgr., 603 U. S. Trust Co. Bldg.
Louisiana, New Orleans, E. Pilabury, Supt., 608 Canal, Louisiana Bank Bldg.
Maryland, Baltimore, S. D. Buck, Mgr., 100 Hopkins Place.
Massachusetts, Boston, H. A. Whiting, Sec'y, 77 Summer St.
Michigan, Grand Rapids, Walter H. Brooks, Sec'y, 537 Michigan Trust Bldg.
Michigan, Saginaw, John Hopkins, Sec'y, 315 Bearinger Bldg., Saginaw.
Minnesota, Duluth, W. O. Derby, Mgr., 624 Manhattan Bldg.
Minnesota, Minneapolis, J. P. Galbraith, Mgr., 241 Endicott Bldg., St. Paul.
Minnesota, St. Paul, John P. Galbraith, Mgr., 241 Endicott Bldg.
Missouri, Kansas City, M. L. Orear, Mgr., 303-7 New England Bldg.
Missouri, St. Louis, J. W. Chilton, 330 Boatmen's Bank Bldg.
Montana, Billings, H. C. Stringham, Sec'y, Electric Bldg.
Montana, Butte, R. E. Clawson, Asst. Sec'y, Ind. Telephone Bldg.
Nebraska, Lincoln and Omaha, E. E. Closson, Mgr., Karbach Block, Omaha.
New Jersey, Newark, Chas. E. Daniel, Mgr., 802 Wise Bldg.
New York, Buffalo, W. B. Grandison, Mgr., 1001 Mutual Life Bldg.
New York, Central New York Credit and Adjustment Bureau, Inc., H. B. Buell, Mgr., Syracuse.
Ohio, Cincinnati, John L. Richey, Sec'y, 631 Union Trust Bldg.
Ohio, Cleveland, T. C. Keller, Commissioner, 326 Engineers Bldg.
Ohio, Columbus, B. E. Watson, Mgr., 411 The New First National Bank Bldg.
Ohio, Toledo, Fred A. Brown, Mgr., 723 Nicholas Bldg.
Ohio, Youngstown, W. C. McKain, Mgr., 1106 Mahoning National Bank Bldg.
Oklahoma, Oklahoma City, Eugene Miller, Mgr., 625 Insurance Bldg.
Oregon, Portland, B. K. Knapp, Mgr., 216 Railway Exchange Bldg.
Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, E. V. Ryan, Sec'y, 402 Hunsicker Bldg.
Pennsylvania, New Castle, Roy M. Jamison, Mgr., 509 Greer Block.
Pennsylvania, Philadelphia, David A. Longere, Room 801, 1011 Chestnut St.
Pennsylvania, Pittsburgh, A. C. Ellis, Mgr., 1209 Chamber of Commerce Bldg.
Pennsylvania, Wilkes-Barre, G. H. McDonnell, Sec'y, 720-724 Miner's Bank Bldg.
Rhode Island, Providence, Lewis Swift, Jr., Commissioner, 1117 Turks Head Bldg.
South Carolina, Columbia, J. M. Cozart, 1108 Palmetto Bk. Bldg.
Tennessee, Chattanooga, J. H. McCallum, Mgr., Hamilton National Bank Bldg.
Tennessee, Memphis, Oscar H. Cleveland, Mgr., Business Men's Club Bldg.
Tennessee, Nashville, Chas. H. Warwick, Mgr., 803-805 Stahlman Bldg.
Texas, Dallas, T. E. Blanchard, Mgr., 605 Slaughter Bldg.
Texas, El Paso, S. W. Daniels, Mgr., 35 City National Bank Bldg.
Texas, Houston, F. G. Masquelette, 1117 Union National Bank Bldg.
Texas, San Antonio, Henry A. Hirschberg, Mgr., Chamber of Commerce.
Utah, Salt Lake City, Walter Wright, Mgr., 1411 Walker Bank Bldg.
Virginia, Norfolk, Shelton N. Woodard, Mgr., 611 National Bank of Commerce Bldg.
Virginia, Richmond, Jo Lane Stern, Mgr., 905 Travelers' Insurance Bldg.
Washington, Seattle, L. H. Macomber, Mgr., Polson Bldg.
Washington, Spokane, J. E. Campbell, Mgr., 1124 Old National Bank Bldg.
Washington, Tacoma, W. W. Keyes, Mgr., 802 Tacoma Bldg.
West Virginia, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. Hoffman, Mgr., 410 Union Bank Bldg.
West Virginia, Huntington, Tri-State Credit & Adjustment Bureau, Inc., G. C. Adams, Mgr., 705 First Nat. Bk. Bldg.
West Virginia, Parkersburg, H. W. Russell, Mgr., Rectory Bldg.
West Virginia, Wheeling, J. E. Scheibase, Mgr., Room 8, Market Auditorium.
Wisconsin, Fond du Lac, A. P. Baker, Commercial Nat. Bank Bldg.
Wisconsin, Green Bay, J. V. Rorer, 212 Bellin-Buchanan Bldg.
Wisconsin, Milwaukee, J. Fred Wetzel, Mgr., 734 First National Bank Bldg.
Wisconsin, Oshkosh, Chas. D. Breon, Mgr., 83 Monument Square.

Directory of Credit Interchange Bureaus Conducted by Local Credit Men's Associations

Alabama, Birmingham, R. H. Eggleston, 321-323 Chamber of Commerce.
 Alabama, Montgomery, J. M. Holloway, Mgr., 810 Bell Bldg.
 California, San Francisco, C. T. Hughes, Mgr., 433 California St.
 Colorado, Denver, David F. Lowe, Mgr., 503 Continental Bldg.
 D. C., Washington, E. Preston Shaeley, Mgr., 726 Colorado Bldg.
 Georgia, Atlanta, R. C. Paterson, Mgr., 304 Chamber of Commerce Bldg.
 Georgia, Augusta, H. M. Oliver, Mgr., 6 Campbell Bldg.
 Idaho, Boise, D. J. A. Dirks, Sec'y, 305-306 Idaho Bldg.
 Illinois, Chicago, F. E. Alexander, Mgr., 10 La Salle St.
 Illinois, Decatur, J. W. Fritz, Mgr., Chamber of Commerce.
 Illinois, Springfield, Edna Lenox, Springfield Commercial Club.
 Indiana, Evansville, H. W. Voss, Mgr., Furniture Exchange Bldg.
 Indiana, Indianapolis, W. E. Balch, Mgr., 7th floor, News Bldg.
 Indiana, South Bend, L. M. Hammerschmidt, 710 J. M. S. Bldg.
 Iowa, Cedar Rapids, J. J. Lenihan, Mgr., 504 Mulfin Bldg.
 Iowa, Sioux City, A. P. Soelberg, Mgr., 601 Trimble Bldg.
 Kansas, Wichita, M. E. Garrison, Mgr., 1009 Beacon Bldg.
 Kentucky, Lexington, C. L. Williamson, Mgr., 1312 Fayette Nat'l Bank Bldg.
 Kentucky, Louisville, H. H. Ainalie, Mgr., 45 U. S. Trust Bldg.
 Louisiana, New Orleans, E. Pillsbury, 698 Canal La. Bank Bldg.
 Maryland, Baltimore, S. D. Buck, Mgr., 100 Hopkins Place.
 Massachusetts, Boston, H. A. Whiting, Sec'y, 77 Summer St.
 Michigan, Grand Rapids, Walter H. Brooks, Mgr., 536½ Michigan Trust Bldg.
 Michigan, Saginaw, John Hopkins, Sec'y, 315 Bearing Bldg., Saginaw.
 Minnesota, Duluth (also Superior), Duluth Jobbers' Credit Bureau, Inc., W. O. Derby, Mgr., 613 Manhattan Bldg.
 Minnesota, Minneapolis, N. W. Jobbers' Credit Bureau, J. P. Galbraith, Mgr., 241 Endicott Bldg., St. Paul, Minn.
 Minnesota, St. Paul, N. Y. Jobbers' Credit Bureau, J. P. Galbraith, Mgr., 241 Endicott Bldg.
 Missouri, Kansas City, M. L. Orear, Mgr., 303-7 New England Bldg.
 Missouri, St. Louis, J. W. Chilton, Mgr., 330 Boatmen's Bank Bldg.
 Montana, Butte, R. E. Clawson, Asst. Sec'y, Ind. Tel. Bldg.
 Nebraska, Omaha, E. E. Closson, Mgr., Karbach Block.
 New Jersey, Newark, Chas. E. Daniel, Mgr., 802 Wiss Bldg.
 New York, Buffalo, James C. Chase, Mgr., 1001 Mutual Life Bldg.
 New York, Syracuse, Central New York Credit and Adjustment Bureau, Inc., M. E. Buell, Mgr.
 North Carolina, Wilmington, Cyrus D. Hogue, Bureau of Credits.
 Ohio, Cincinnati, John L. Richey, Mgr., 631 Union Trust Bldg.
 Ohio, Cleveland, Robert L. Hill, Mgr., 322 Engineers Bldg.
 Ohio, Toledo, Fred A. Brown, Mgr., 723 Nichols Bldg.
 Ohio, Youngstown, W. C. McKain, Mgr., 1105 Mahoning Bank Bldg.
 Oklahoma, Oklahoma City, Eugene Miller, 625 Insurance Bldg.
 Oregon, Portland, B. K. Knapp, 216 Railway Exchange Bldg.
 Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, E. V. Ryan, Mgr., 402 Hunsicker Bldg.
 Pennsylvania, New Castle, Roy M. Jamison, Mgr., 511 Greer Bldg.
 Pennsylvania, Philadelphia, David A. Longacre, Sec'y, 1011 Chestnut Bldg.
 Pennsylvania, Pittsburgh, A. C. Bunce, Mgr., 1209 Chamber of Commerce Bldg.
 Pennsylvania, Wilkes-Barre, G. H. McDonald, Sec'y, 720-724 Miner's Bank Bldg.
 South Carolina, Columbia, J. M. Cozart, 1108 Palmetto Bldg.
 Tennessee, Chattanooga, J. H. McCallum, Mgr., Hamilton National Bank Bldg.
 Tennessee, Memphis, Oscar H. Cleveland, Mgr., P. O. Box 713.
 Texas, Austin, R. L. Bowley, Mgr., P. O. Box 1075.
 Texas, San Antonio, H. A. Hirschberg, Mgr., Chamber of Commerce.
 Utah, Salt Lake City, Walter Wright, Mgr., 1411 Walker Bank Bldg.
 Virginia, Norfolk, Shelton N. Woodard, P. O. Box 852.
 Washington, Seattle, L. H. Macomber, Mgr., Poison Bldg.
 Washington, Tacoma, W. W. Keyes, 803 Tacoma Bldg.
 West Virginia, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. Hoffman, Mgr., 410 Union Bank Bldg.
 West Virginia, Huntington, Tri-State Credit & Adjustment Bureau, Inc., G. C. Adams, Mgr., 705 First Nat. Bank Bldg.
 West Virginia, Parkersburg, H. W. Russell, Mgr., 430 Juliana St.
 West Virginia, Wheeling, John E. Shelliase, Mgr., 746 Nat. Ex. Bank Bldg.
 Wisconsin, Fond du Lac, A. P. Baker, Sec'y, 10 Commercial National Bank Bldg.
 Wisconsin, Green Bay, J. V. Rorer, 212 Bellin-Buchanan Bldg.
 Wisconsin, Milwaukee, ———, 301 Mayer Bldg.
 Wisconsin, Oshkosh, Chas. D. Breon, 83 Monument Square.

**Central Credit Interchange Bureau, St. Louis, Mo., J. W. Chilton, Mgr.,
323 Boatmen's Bank Bldg.**

The Adjustment Bureaus conducted under the auspices of affiliated branches of this Association aim to bring about "friendly adjustments" as representing the most economical means in all respects of handling embarrassed estates. Standing as they do for the soundest principles, these bureaus should be given the cordial support of all members. Whenever creditors feel that justice is not being done by the operating bureau, they have a resort to the office of the National Association with which all grievances should be filed. See the Directory of Adjustment in this Bulletin.